

D - Department of Education

THIS PAGE INTENTIONALLY LEFT BLANK

Table of Contents

D - Department of Education

<u>Executive Policy and Management</u>	<u>D - 5</u>
<u>Operations and Support Services</u>	<u>D - 7</u>
<u>Learning and Results Services</u>	<u>D - 21</u>
<u>Support Education Excellence in Kentucky (SEEK)</u>	<u>D - 47</u>
<u>Department of Education</u>	<u>D - 67</u>

THIS PAGE INTENTIONALLY LEFT BLANK

CONFERENCE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

D - Department of Education

Operating Budget

Summary Totals

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	House Budget	Senate Budget	Conference Budget	House Budget	Senate Budget	Conference Budget	House Budget	Senate Budget	Conference Budget
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund (Tobacco)	1,888,400	1,888,400	1,888,400	1,388,400	1,388,400	1,388,400	1,508,400	1,508,400	1,508,400
General Fund	3,385,590,700	3,385,590,700	3,385,590,700	3,505,550,100	3,502,537,200	3,510,448,600	3,831,389,600	3,825,658,200	3,827,034,300
Restricted Funds	4,943,400	4,943,400	4,943,400	9,831,300	9,831,300	9,831,300	9,831,300	9,831,300	9,831,300
Federal Funds	687,250,500	687,250,500	687,250,500	687,646,900	687,646,900	687,646,900	687,371,400	687,371,400	687,371,400
Regular Total Funds	4,079,673,000	4,079,673,000	4,079,673,000	4,204,416,700	4,201,403,800	4,209,315,200	4,530,100,700	4,524,369,300	4,525,745,400
Use of Continuing	7,300,600	7,300,600	7,300,600						
TOTAL FUNDS	4,086,973,600	4,086,973,600	4,086,973,600	4,204,416,700	4,201,403,800	4,209,315,200	4,530,100,700	4,524,369,300	4,525,745,400

II. EXPENDITURE CATEGORY

Personnel Costs	61,918,700	61,918,700	61,918,700	62,609,900	62,609,900	62,609,900	63,411,700	63,411,700	63,411,700
Operating Expenses	18,671,200	18,671,200	18,671,200	24,646,600	24,646,600	24,646,600	34,589,300	34,589,300	34,589,300
Grants, Loans, Benefits	4,006,383,700	4,006,383,700	4,006,383,700	4,117,160,200	4,114,147,300	4,122,058,700	4,423,369,700	4,421,167,300	4,418,846,400
Debt Service							8,730,000	5,201,000	8,898,000
TOTAL EXPENDITURES	4,086,973,600	4,086,973,600	4,086,973,600	4,204,416,700	4,201,403,800	4,209,315,200	4,530,100,700	4,524,369,300	4,525,745,400

III. BASE LEVEL BUDGET BY FUND SOURCE

General Fund (Tobacco)	1,888,400	1,888,400	1,888,400	1,388,400	1,388,400	1,388,400	1,508,400	1,508,400	1,508,400
General Fund	3,385,590,700	3,385,590,700	3,385,590,700	3,383,712,600	3,375,482,600	3,382,610,700	3,386,468,700	3,383,135,900	3,390,293,600
Restricted Funds	4,943,400	4,943,400	4,943,400	4,787,900	4,787,900	4,787,900	4,785,000	4,785,000	4,785,000
Federal Funds	687,250,500	687,250,500	687,250,500	687,646,900	687,646,900	687,646,900	687,371,400	687,371,400	687,371,400
Regular Total Funds	4,079,673,000	4,079,673,000	4,079,673,000	4,077,535,800	4,069,305,800	4,076,433,900	4,080,133,500	4,076,800,700	4,083,958,400
Use of Continuing	7,300,600	7,300,600	7,300,600						
TOTAL BASE LEVEL	4,086,973,600	4,086,973,600	4,086,973,600	4,077,535,800	4,069,305,800	4,076,433,900	4,080,133,500	4,076,800,700	4,083,958,400

IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE

General Fund				121,837,500	127,054,600	127,837,900	444,920,900	442,522,300	436,740,700
Restricted Funds				5,043,400	5,043,400	5,043,400	5,046,300	5,046,300	5,046,300
TOTAL ADDITIONAL				126,880,900	132,098,000	132,881,300	449,967,200	447,568,600	441,787,000

THIS PAGE INTENTIONALLY LEFT BLANK

CONFERENCE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

D - Department of Education

Capital Budget

Summary Totals

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	House Budget	Senate Budget	Conference Budget	House Budget	Senate Budget	Conference Budget	House Budget	Senate Budget	Conference Budget
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Bond Funds				88,650,000	37,350,000	90,650,000			
Investment Income				675,000	675,000	675,000	675,000	675,000	675,000
TOTAL CAPITAL				89,325,000	38,025,000	91,325,000	675,000	675,000	675,000

THIS PAGE INTENTIONALLY LEFT BLANK

CONFERENCE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

D - Department of Education

Operating Budget

Executive Policy and Management

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	House Budget	Senate Budget	Conference Budget	House Budget	Senate Budget	Conference Budget	House Budget	Senate Budget	Conference Budget
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	662,900	662,900	662,900	672,000	672,000	672,000	679,800	679,800	679,800
Regular Total Funds	662,900	662,900	662,900	672,000	672,000	672,000	679,800	679,800	679,800
Use of Continuing									
TOTAL FUNDS	662,900	662,900	662,900	672,000	672,000	672,000	679,800	679,800	679,800
II. EXPENDITURE CATEGORY									
Personnel Costs	536,400	536,400	536,400	536,900	536,900	536,900	544,700	544,700	544,700
Operating Expenses	126,500	126,500	126,500	135,100	135,100	135,100	135,100	135,100	135,100
TOTAL EXPENDITURES	662,900	662,900	662,900	672,000	672,000	672,000	679,800	679,800	679,800
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	662,900	662,900	662,900	672,000	672,000	672,000	679,800	679,800	679,800
Regular Total Funds	662,900	662,900	662,900	672,000	672,000	672,000	679,800	679,800	679,800
Use of Continuing									
TOTAL BASE LEVEL	662,900	662,900	662,900	672,000	672,000	672,000	679,800	679,800	679,800

**Fiscal Biennium 2006-2008
Budget Modification Report**

04/07/06 2:53 PM

Executive Policy and Management

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes language provisions that direct:

"Employment of Personnel: Notwithstanding KRS 18A.115, the Department of Education may fill, through memoranda of agreement, not more than 50 percent of its existing authorized positions below the division director level with individuals employed as school administrators and educators in Kentucky."

"Employment of Leadership Personnel: Notwithstanding KRS 18A.005 to 18A.200, the Kentucky Board of Education shall continue to have sole authority to determine the employees of the Department of Education who are exempt from the classified service and to set their compensation comparable to the competitive market."

HOUSE REPORT

The House concurs with the Branch.

SENATE REPORT

The Senate concurs with the House.

CONFERENCE REPORT

The Conference concurs with the House and Senate.

CONFERENCE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

D - Department of Education

Operating Budget

Operations and Support Services

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	House Budget	Senate Budget	Conference Budget	House Budget	Senate Budget	Conference Budget	House Budget	Senate Budget	Conference Budget
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	31,391,500	31,391,500	31,391,500	37,125,500	36,925,500	36,925,500	56,106,400	52,377,400	56,074,400
Restricted Funds	2,322,200	2,322,200	2,322,200	7,210,100	7,210,100	7,210,100	7,210,100	7,210,100	7,210,100
Federal Funds	8,527,800	8,527,800	8,527,800	8,527,800	8,527,800	8,527,800	8,527,800	8,527,800	8,527,800
Regular Total Funds	42,241,500	42,241,500	42,241,500	52,863,400	52,663,400	52,663,400	71,844,300	68,115,300	71,812,300
Use of Continuing									
TOTAL FUNDS	42,241,500	42,241,500	42,241,500	52,863,400	52,663,400	52,663,400	71,844,300	68,115,300	71,812,300
II. EXPENDITURE CATEGORY									
Personnel Costs	9,759,600	9,759,600	9,759,600	10,088,100	10,088,100	10,088,100	10,337,400	10,337,400	10,337,400
Operating Expenses	4,254,100	4,254,100	4,254,100	9,547,500	9,547,500	9,547,500	19,549,100	19,549,100	19,549,100
Grants, Loans, Benefits	28,227,800	28,227,800	28,227,800	33,227,800	33,027,800	33,027,800	33,227,800	33,027,800	33,027,800
Debt Service							8,730,000	5,201,000	8,898,000
TOTAL EXPENDITURES	42,241,500	42,241,500	42,241,500	52,863,400	52,663,400	52,663,400	71,844,300	68,115,300	71,812,300
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	31,391,500	31,391,500	31,391,500	31,825,500	31,625,500	31,625,500	32,076,400	31,876,400	31,876,400
Restricted Funds	2,322,200	2,322,200	2,322,200	2,166,700	2,166,700	2,166,700	2,163,800	2,163,800	2,163,800
Federal Funds	8,527,800	8,527,800	8,527,800	8,527,800	8,527,800	8,527,800	8,527,800	8,527,800	8,527,800
Regular Total Funds	42,241,500	42,241,500	42,241,500	42,520,000	42,320,000	42,320,000	42,768,000	42,568,000	42,568,000
Use of Continuing									
TOTAL BASE LEVEL	42,241,500	42,241,500	42,241,500	42,520,000	42,320,000	42,320,000	42,768,000	42,568,000	42,568,000
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund				5,300,000	5,300,000	5,300,000	24,030,000	20,501,000	24,198,000
Restricted Funds				5,043,400	5,043,400	5,043,400	5,046,300	5,046,300	5,046,300
TOTAL ADDITIONAL				10,343,400	10,343,400	10,343,400	29,076,300	25,547,300	29,244,300
V. ADDITIONAL BUDGET ITEMS									
1	EXPAN Operations and Support Services - Education Technology								
ABR540B0005	Provides coal severance funds for education technology for coal producing counties.								
Restricted Funds				5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Project Total				5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
2	GB Operations and Support Services - Administrative Services								
ABR540B0003	Provides funds for one vacant Administrative Specialist position.								
Restricted Funds				43,400	43,400	43,400	46,300	46,300	46,300
Project Total				43,400	43,400	43,400	46,300	46,300	46,300

CONFERENCE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

D - Department of Education

Operating Budget

Operations and Support Services

			Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
			House Budget	Senate Budget	Conference Budget	House Budget	Senate Budget	Conference Budget	House Budget	Senate Budget	Conference Budget
3	NEW	Operations and Support Services - IT Capital Projects									
ABR540B0009		Provides funds for operational components of recommended information technology projects.									
General Fund						5,300,000	5,300,000	5,300,000	15,300,000	15,300,000	15,300,000
Project Total						5,300,000	5,300,000	5,300,000	15,300,000	15,300,000	15,300,000
4	NEW	Debt Service									
ABR540B0008		Provides debt service in FY 2007-08 for \$87.15M for IT capital projects, the Rockcastle County Vocational and Technical School, and the Letcher County Central Vocational Center.									
General Fund									8,730,000	5,201,000	8,898,000
Project Total									8,730,000	5,201,000	8,898,000
TOTAL ADDITIONAL						10,343,400	10,343,400	10,343,400	29,076,300	25,547,300	29,244,300

TRANSFERS TO THE GENERAL FUND

Operations and Support Services

Agency Revenue Fund	150,000	150,000	150,000
TOTAL	150,000	150,000	150,000

**Fiscal Biennium 2006-2008
Budget Modification Report**

04/07/06 2:53 PM

Operations and Support Services

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a transfer from Operations and Support Services, Restricted Funds of \$150,000 in fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes language provisions that direct:

"Teachers' Retirement System Employer Match: Included in the above General Fund appropriation is \$2,705,600 in fiscal year 2006-2007 and \$2,840,900 in fiscal year 2007-2008 to enable the Department of Education to provide the employer match for the teacher retirement contribution for qualified employees as provided by KRS 161.550."

"Debt Service: Included in the above General Fund appropriation is \$5,201,000 in fiscal year 2007-2008 to provide for debt service for new bonds as set forth in Part II, Capital Projects Budget, of this Act."

"School Technology in Coal Counties: Included in the above Restricted Funds appropriation is \$5,000,000 in each fiscal year from the Local Government Economic Development Multi-County Fund for the purpose of enhancing education technology in local school districts within coal-producing counties."

"Management Assistance Program: Included in the above General Fund appropriation is \$200,000 in each fiscal year for the Management Assistance Program."

The State/Executive Branch Budget Bill, Part II, Capital Projects Budget, includes a language provision as follows:

"P-16 Education IT Integration Initiative"

**Fiscal Biennium 2006-2008
Budget Modification Report**

04/07/06 2:53 PM

Operations and Support Services

"The Commissioner of the Department of Education, the Secretary of the Education Cabinet, the President of the Council on Postsecondary Education, and the Executive Director of the Education Professional Standards Board shall submit a coordinated plan for the expenditure of these funds to the State Budget Director and the Secretary of the Finance and Administration Cabinet for approval prior to the expenditure of these funds. The approved plan shall be provided to the Interim Joint Committee on Appropriations and Revenue."

The State/Executive Branch Budget Bill provides General Fund resources of \$5,300,000 in fiscal year 2006-2007 and \$15,300,000 in fiscal year 2007-2008 for operational support of the three capital projects identified in Part II, Capital Projects Budget, of this Act.

HOUSE REPORT

The House concurs with the Branch with the following changes:

The House does not provide General Fund support for debt service for the P-16 Education IT Integration Initiative.

The House provides a reduced level of General Fund support for debt service for the Knowledge Management Portal as set forth in Part II of this act.

The House provides General Fund support totaling \$8,730,000 for debt service for new bonds as set forth in Part II of this act.

The House amends the State/Executive Branch Budget Bill, Part I, Operating Budget, to amend the following language provisions.

"Debt Service: Included in the above General Fund appropriation is \$8,730,000 in fiscal year 2007-2008 to provide for debt service for new bonds as set forth in Part II, Capital Projects Budget, of this Act. Included in the \$8,730,000 is \$620,000 in fiscal year 2007-2008 to provide debt service for new bonds for a high-speed education telecommunications network that supports a set of seamless P-16 management, instructional, and research applications. The network shall consist of 100 MBPS to at least 40 percent of Kentucky's local school districts and at least ten MBPS to the remaining local school districts. Included in the \$8,730,000 is \$696,000 in fiscal year 2007-2008 to provide debt service for a functionally robust and modern system to ensure the efficient collection and management of student information, including a unique student identifier, at the school, district, and state levels. Included in the \$8,730,000 is \$1,044,000 in fiscal year 2007-2008 to provide debt service for a Web-based, on-line testing program that provides a quicker return of test results, student accountability, and assessment integration into teaching and learning situations on a real-time basis. Included in the \$8,730,000 is \$229,000 in fiscal year 2007-2008 to provide debt service for a knowledge management portal that will provide K-

**Fiscal Biennium 2006-2008
Budget Modification Report**

04/07/06 2:53 PM

Operations and Support Services

12 public educators with intuitive access to indexed, aligned, and well-organized Web-based instructional resources such as units of study that connect curriculum, instruction, and assessment with other data generated by schools and the Kentucky Department of Education. Included in the \$8,730,000 is \$6,069,000 in fiscal year 2007-2008 to provide debt service for the purchase of modern workstations, stationary or mobile, for public K-12 schools to support advanced instructional activities, including on-line learning and Internet 2 instructional activities. The Kentucky Board of Education shall approve a plan for distribution of the workstations. Included in the \$8,730,000 is \$72,000 in fiscal year 2007-2008 to provide debt service for the Rockcastle County Vocational and Technical Center."

"School Technology in Coal Counties: Included in the above Restricted Funds appropriation is \$5,000,000 in each fiscal year from the Local Government Economic Development Multi-County Fund for the purpose of enhancing education technology in local school districts within coal-producing counties. The Commissioner of the Department of Education is authorized to use up to \$1,000,000 of the above \$5,000,000 appropriation in each fiscal year to make offers of assistance to qualifying local school districts in coal-producing counties to fund technology projects; to be eligible for these offers of assistance, local school districts may be required to provide a match of not more than two to one from any of their other funding sources. The Commissioner of the Department of Education shall use \$2,500,000 of the above \$5,000,000 appropriation in each fiscal year to be distributed as grants to school districts in coal-producing counties for grid computing projects in accordance with KRS 158.807. The Commissioner of the Department of Education shall distribute the remainder of the above \$5,000,000 appropriation to coal-producing counties in a manner consistent with distributions to local school districts from the Kentucky Education Technology System; these funds shall be in addition to any regular distribution to coal-producing counties from the Kentucky Education Technology System."

The House amends the State/Executive Branch Budget Bill, Part I, Operating Budget, to include the following language provision.

"Education Technology Program: Included in the above General Fund appropriation is \$19,500,000 in each fiscal year for the Education Technology Program."

"Local Taxes: Any school district board of education that has not, as of the effective date of this Act:

- (1) Levied the tax authorized by KRS 160.613 or 160.614; or
- (2) Levied the tax authorized by KRS 160.613 or 160.614 at the maximum rate permitted by 160.613;

**Fiscal Biennium 2006-2008
Budget Modification Report**

04/07/06 2:53 PM

Operations and Support Services

may levy the tax, or may increase the rate of the tax to the maximum rate permitted by KRS 160.613 by complying with the notice and hearing requirements set forth in KRS 160.603. Any rate levied or increased pursuant to the authority granted by this section shall not be subject to recall under KRS 160.597. Any tax imposed or rate increased pursuant to this section shall become effective not less than forty-five (45) days nor more than ninety (90) days after its passage. The provisions of this section shall apply through December 31, 2006."

The House amends the State/Executive Branch Budget Bill, Part II, Capital Budget, to not provide Bond Funds totaling \$16,100,000 for the P-16 Education IT Integration Initiative.

The House amends the State/Executive Branch Budget Bill, Part II, Capital Budget, to provide a reduced level of Bond Funds totaling \$3,250,000 for the Knowledge Management Portal.

The House amends the State/Executive Branch Budget Bill, Part II, Capital Budget, to include Bond Funds totaling \$50,000,000 for the Education Technology Pool.

The House amends the State/Executive Branch Budget Bill, Part II, Capital Budget, to include Bond Funds totaling \$10,000,000 for the Student Information System.

The House amends the State/Executive Branch Budget Bill, Part II, Capital Budget, to include Bond Funds totaling \$8,900,000 for the Kentucky Education Network.

The House amends the State/Executive Branch Budget Bill, Part II, Capital Budget, to include Bond Funds totaling \$1,500,000 for the Rockcastle County Vocational and Technical Center.

The House adds in Part II, Capital Budget, a language provision as follows:

"Kentucky Education Network"

"The Secretary of the Education Cabinet, the Commissioner of the Department of Education, the President of the Council on Postsecondary Education, the Secretary of the Finance and Administration Cabinet, and the Executive Director of the Education Professional Standards Board shall submit a coordinated implementation plan with timelines and regular progress reports to the

**Fiscal Biennium 2006-2008
Budget Modification Report**

04/07/06 2:53 PM

Operations and Support Services

Interim Joint Committee on Appropriations and Revenue. All expenditures shall require the prior approval of the Secretary of the Finance and Administration Cabinet."

SENATE REPORT

The Senate concurs with the House with the following changes:

The Senate does not provide General Fund Support of \$200,000 in each fiscal year for the Management Assistance program.

The Senate amends the following Part I, Operating Budget, language provisions:

"Debt Service: Included in the above General Fund appropriation is \$5,201,000 in fiscal year 2007-2008 to provide for debt service for new bonds as set forth in Part II, Capital Projects Budget, of this Act."

"School Technology in Coal Counties: Included in the above Restricted Funds appropriation is \$5,000,000 in each fiscal year from the Local Government Economic Development Multi-County Fund for the purpose of enhancing education technology in local school districts within coal-producing counties."

The Senate deletes the following Part I, Operating Budget, language provisions:

"Management Assistance Program: Included in the above General Fund appropriation is \$200,000 in each fiscal year for the Management Assistance Program."

"Local Taxes: Any school district board of education that has not, as of the effective date of this Act:

(1) Levied the tax authorized by KRS 160.613 or 160.614; or

(2) Levied the tax authorized by KRS 160.613 or 160.614 at the maximum rate permitted by 160.613;

may levy the tax, or may increase the rate of the tax to the maximum rate permitted by KRS 160.613 by complying with the notice and hearing requirements set forth in KRS 160.603. Any rate levied or increased pursuant to the authority granted by this section shall not be subject to recall under KRS 160.597. Any tax imposed or rate increased pursuant to this section shall become effective not less than

**Fiscal Biennium 2006-2008
Budget Modification Report**

04/07/06 2:53 PM

Operations and Support Services

forty-five (45) days nor more than ninety (90) days after its passage. The provisions of this section shall apply through December 31, 2006."

The Senate amends Part II, Capital Budget, to provide Bond Funds totaling \$16,100,000 for the P-16 Education IT Integration Initiative.

The Senate amends Part II, Capital Budget, to provide Bond Funds totaling \$6,250,000 for the Knowledge Management Portal.

The Senate amends Part II, Capital Budget, to not provide Bond Funds totaling \$50,000,000 for the Education Technology Pool.

The Senate amends Part II, Capital Budget, to not provide Bond Funds totaling \$10,000,000 for the Student Information System.

The Senate amends Part II, Capital Budget, to not provide Bond Funds totaling \$8,900,000 for the Kentucky Education Network.

The Senate amends Part II, Capital Budget, to not provide Bond Funds totaling \$1,500,000 for the Rockcastle County Vocational and Technical Center.

The Senate amends Part II, Capital Budget, by adding the following language:

"P-16 Education IT Integration Initiative"

"The Commissioner of the Department of Education, the Secretary of the Education Cabinet, and the President of the Council on Postsecondary Education shall submit a coordinated plan for the expenditure of these funds to the State Budget Director and the Secretary of the Finance and Administration Cabinet for approval prior to expenditure of these funds. The approved plan shall be provided to the Interim Joint Committee on Appropriations and Revenue."

CONFERENCE REPORT

The Conference concurs with the Branch with the following changes:

The Conference does not provide General Fund Support of \$200,000 in each fiscal year for the Management Assistance program.

**Fiscal Biennium 2006-2008
Budget Modification Report**

04/07/06 2:53 PM

Operations and Support Services

The Conference does not provide General Fund support for debt service for the P-16 Education IT Integration Initiative.

The Conference provides a reduced level of General Fund support for debt service for the Knowledge Management Portal as set forth in Part II of this act.

The Conference provides General Fund support totaling \$8,898,000 for debt service for new bonds as set forth in Part II of this act.

The Conference amends the State/Executive Branch Budget Bill, Part I, Operating Budget, to amend the following language provisions:

"Debt Service: Included in the above General Fund appropriation is \$8,898,000 in fiscal year 2007-2008 to provide for debt service for new bonds as set forth in Part II, Capital Projects Budget, of this Act. Included in the \$8,898,000 is \$620,000 in fiscal year 2007-2008 to provide debt service for new bonds for a high-speed education telecommunications network that supports a set of seamless P-16 management, instructional, and research applications. The network shall consist of 100 MBPS to at least 40 percent of Kentucky's local school districts and at least ten MBPS to the remaining local school districts. Included in the \$8,898,000 is \$696,000 in fiscal year 2007-2008 to provide debt service for a functionally robust and modern system to ensure the efficient collection and management of student information, including a unique student identifier, at the school, district, and state levels. Included in the \$8,898,000 is \$1,044,000 in fiscal year 2007-2008 to provide debt service for a Web-based, on-line testing program that provides a quicker return of test results, student accountability, and assessment integration into teaching and learning situations on a real-time basis. Included in the \$8,898,000 is \$229,000 in fiscal year 2007-2008 to provide debt service for a knowledge management portal that will provide K-12 public educators with intuitive access to indexed, aligned, and well-organized Web-based instructional resources such as units of study that connect curriculum, instruction, and assessment with other data generated by schools and the Kentucky Department of Education. Included in the \$8,898,000 is \$6,069,000 in fiscal year 2007-2008 to provide debt service for the purchase of modern workstations, stationary or mobile, for public K-12 schools to support advanced instructional activities, including on-line learning and Internet 2 instructional activities. The Kentucky Board of Education shall approve a plan for distribution of the workstations. Included in the \$8,898,000 is \$144,000 in fiscal year 2007-2008 to provide debt service for the Rockcastle County Vocational and Technical Center. Included in the \$8,898,000 is \$96,000 in fiscal year 2007-2008 to provide debt service for the Letcher County Central Vocational Center."

"School Technology in Coal Counties: Included in the above Restricted Funds appropriation is \$5,000,000 in each fiscal year from the Local Government Economic Development Multi-County Fund for the purpose of enhancing education technology in local school

**Fiscal Biennium 2006-2008
Budget Modification Report**

04/07/06 2:53 PM

Operations and Support Services

districts within coal-producing counties. The Commissioner of the Department of Education is authorized to use up to \$1,000,000 of the above \$5,000,000 appropriation in each fiscal year to make offers of assistance to qualifying local school districts in coal-producing counties to fund technology projects; to be eligible for these offers of assistance, local school districts may be required to provide a match of not more than two to one from any of their other funding courses. The Commissioner of the Department of Education shall use \$2,500,000 of the above \$5,000,000 appropriation to continue the Coal County Computing program under the direction of the Kentucky Economic Development Finance Authority. The Commissioner of the Department of Education shall distribute the remainder of the above \$5,000,000 appropriation to coal-producing counties in a manner consistent with distributions to local school districts from the Kentucky Education Technology System; these funds shall be in addition to any regular distribution to coal-producing counties from the Kentucky Education Technology System."

The Conference adds a Part I, Operating Budget, language provision as follows:

"Education Technology Program: Included in the above General Fund appropriation is \$19,500,000 in each fiscal year for the Education Technology Program."

The Conference deletes a Part I, Operating Budget, language provision as follows:

"Management Assistance Program: Included in the above General Fund appropriation is \$200,000 in each fiscal year for the Management Assistance Program."

The Conference amends Part II, Capital Budget, to not provide Bond Funds totaling \$16,100,000 for the P-16 Education IT Integration Initiative.

The Conference amends Part II, Capital Budget, to provide a reduced level of Bond Funds totaling \$3,250,000 for the Knowledge Management Portal.

The Conference adds Part II, projects as follows:

Education Technology Pool - \$50,000,000 in Bond Funds in fiscal year 2006-2007.

Student Information System - \$10,000,000 in Bond Funds in fiscal year 2006-2007.

**Fiscal Biennium 2006-2008
Budget Modification Report**

04/07/06 2:53 PM

Operations and Support Services

Kentucky Education Network - \$8,900,000 in Bond Funds in fiscal year 2006-2007.

Rockcastle County Vocational and Technical Center - \$1,500,000 in Bond Funds in fiscal year 2006-2007.

Letcher County Central Vocational Center - \$2,000,000 in Bond Funds in fiscal year 2006-2007.

The Conference adds in Part II, Capital Budget, a language provision as follows:

"Kentucky Education Network"

"The Secretary of the Education Cabinet, the Commissioner of the Department of Education, the President of the Council on Postsecondary Education, the Secretary of the Finance and Administration Cabinet, and the Executive Director of the Education Professional Standards Board shall submit a coordinated implementation plan with timelines and regular progress reports to the Interim Joint Committee on Appropriations and Revenue. All expenditures shall require the prior approval of the Secretary of the Finance and Administration Cabinet."

THIS PAGE INTENTIONALLY LEFT BLANK

CONFERENCE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

D - Department of Education

Capital Budget

Operations and Support Services

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	House Budget	Senate Budget	Conference Budget	House Budget	Senate Budget	Conference Budget	House Budget	Senate Budget	Conference Budget
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Bond Funds				88,650,000	37,350,000	90,650,000			
Investment Income				675,000	675,000	675,000	675,000	675,000	675,000
TOTAL CAPITAL				89,325,000	38,025,000	91,325,000	675,000	675,000	675,000
II. CAPITAL PROJECTS									
1 Maintenance Pool									
PRJ540B1450									
Investment Income				675,000	675,000	675,000	675,000	675,000	675,000
Project Total				675,000	675,000	675,000	675,000	675,000	675,000
2 On-Line Assessment									
PRJ540B1453									
Bond Funds				15,000,000	15,000,000	15,000,000			
Project Total				15,000,000	15,000,000	15,000,000			
3 Knowledge Management Portal									
PRJ540B1451									
Bond Funds				3,250,000	6,250,000	3,250,000			
Project Total				3,250,000	6,250,000	3,250,000			
4 P-16 Education IT Integration Initiative									
PRJ540B1454									
Bond Funds					16,100,000				
Project Total					16,100,000				
5 Education Technology Pool									
PRJ540B1456									
Bond Funds				50,000,000		50,000,000			
Project Total				50,000,000		50,000,000			
6 Rockcastle County Vocational and Technical Center									
PRJ540B1458									
Bond Funds				1,500,000		1,500,000			
Project Total				1,500,000		1,500,000			

CONFERENCE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

D - Department of Education

Capital Budget

Operations and Support Services

Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
House Budget	Senate Budget	Conference Budget	House Budget	Senate Budget	Conference Budget	House Budget	Senate Budget	Conference Budget
7 Letcher County Central Vocational Center								
PRJ540B1462								
Bond Funds					2,000,000			
Project Total					2,000,000			
8 Student Information System								
PRJ540B1452								
Bond Funds			10,000,000	10,000,000				
Project Total			10,000,000	10,000,000				
9 Kentucky Education Network								
PRJ540B1460								
Bond Funds			8,900,000	8,900,000				
Project Total			8,900,000	8,900,000				
TOTAL CAPITAL			89,325,000	38,025,000	91,325,000	675,000	675,000	675,000

CONFERENCE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

D - Department of Education

Operating Budget

Learning and Results Services

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	House Budget	Senate Budget	Conference Budget	House Budget	Senate Budget	Conference Budget	House Budget	Senate Budget	Conference Budget
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund (Tobacco)	1,888,400	1,888,400	1,888,400	1,388,400	1,388,400	1,388,400	1,508,400	1,508,400	1,508,400
General Fund	758,643,600	758,643,600	758,643,600	786,842,400	784,002,800	791,940,900	822,779,200	832,511,600	839,939,300
Restricted Funds	2,621,200	2,621,200	2,621,200	2,621,200	2,621,200	2,621,200	2,621,200	2,621,200	2,621,200
Federal Funds	678,722,700	678,722,700	678,722,700	679,119,100	679,119,100	679,119,100	678,843,600	678,843,600	678,843,600
Regular Total Funds	1,441,875,900	1,441,875,900	1,441,875,900	1,469,971,100	1,467,131,500	1,475,069,600	1,505,752,400	1,515,484,800	1,522,912,500
Use of Continuing	7,300,600	7,300,600	7,300,600						
TOTAL FUNDS	1,449,176,500	1,449,176,500	1,449,176,500	1,469,971,100	1,467,131,500	1,475,069,600	1,505,752,400	1,515,484,800	1,522,912,500
II. EXPENDITURE CATEGORY									
Personnel Costs	51,622,700	51,622,700	51,622,700	51,984,900	51,984,900	51,984,900	52,529,600	52,529,600	52,529,600
Operating Expenses	14,290,600	14,290,600	14,290,600	14,964,000	14,964,000	14,964,000	14,905,100	14,905,100	14,905,100
Grants, Loans, Benefits	1,383,263,200	1,383,263,200	1,383,263,200	1,403,022,200	1,400,182,600	1,408,120,700	1,438,317,700	1,448,050,100	1,455,477,800
TOTAL EXPENDITURES	1,449,176,500	1,449,176,500	1,449,176,500	1,469,971,100	1,467,131,500	1,475,069,600	1,505,752,400	1,515,484,800	1,522,912,500
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund (Tobacco)	1,888,400	1,888,400	1,888,400	1,388,400	1,388,400	1,388,400	1,508,400	1,508,400	1,508,400
General Fund	758,643,600	758,643,600	758,643,600	756,322,400	748,292,400	755,420,500	758,819,800	755,687,000	762,844,700
Restricted Funds	2,621,200	2,621,200	2,621,200	2,621,200	2,621,200	2,621,200	2,621,200	2,621,200	2,621,200
Federal Funds	678,722,700	678,722,700	678,722,700	679,119,100	679,119,100	679,119,100	678,843,600	678,843,600	678,843,600
Regular Total Funds	1,441,875,900	1,441,875,900	1,441,875,900	1,439,451,100	1,431,421,100	1,438,549,200	1,441,793,000	1,438,660,200	1,445,817,900
Use of Continuing	7,300,600	7,300,600	7,300,600						
TOTAL BASE LEVEL	1,449,176,500	1,449,176,500	1,449,176,500	1,439,451,100	1,431,421,100	1,438,549,200	1,441,793,000	1,438,660,200	1,445,817,900
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund				30,520,000	35,710,400	36,520,400	63,959,400	76,824,600	77,094,600
TOTAL ADDITIONAL				30,520,000	35,710,400	36,520,400	63,959,400	76,824,600	77,094,600
V. ADDITIONAL BUDGET ITEMS									
1 DC	Learning and Results Services - Local District Health Insurance								
ABR540DDC000	Provides funds to support projected health insurance costs based on actuarial analysis.								
General Fund							32,314,200	32,314,200	32,314,200
Project Total							32,314,200	32,314,200	32,314,200
2 GB	Learning and Results Services - Early Childhood Education								
ABR540D0018	Provides funds for preschool services for children under 150% of the federal poverty level.								
General Fund				27,500,000	23,502,300	23,502,300	27,500,000	23,502,300	23,502,300
Project Total				27,500,000	23,502,300	23,502,300	27,500,000	23,502,300	23,502,300

CONFERENCE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

D - Department of Education

Operating Budget

Learning and Results Services

		Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
		House Budget	Senate Budget	Conference Budget	House Budget	Senate Budget	Conference Budget	House Budget	Senate Budget	Conference Budget
3	GB	Learning and Results Services - Career and Technical Education								
ABR540D0012		Provides funds equal to percentage increase for State Run Vocational Schools and funding for Jessamine, Johnson, and Bath Co. vocational program.								
General Fund					960,000	800,000	960,000	1,190,000	800,000	1,190,000
Project Total					960,000	800,000	960,000	1,190,000	800,000	1,190,000
4	EXPAN	Learning and Results Services - Read to Achieve								
ABR540D0022		Provides additional General Funds to expand reading program.								
General Fund						9,458,100	9,458,100		12,458,100	12,458,100
Project Total						9,458,100	9,458,100		12,458,100	12,458,100
5	EXPAN	Learning and Results Services - Save the Children, Rural Literacy Program								
ABR540D0031		Provides funds for the Save the Children Rural Literacy Program								
General Fund					250,000	250,000	250,000	250,000	250,000	250,000
Project Total					250,000	250,000	250,000	250,000	250,000	250,000
6	EXPAN	Learning and Results Services - Community Education								
ABR540D0032		Provides funds for 15 additional community education programs.								
General Fund					600,000		300,000	600,000		300,000
Project Total					600,000		300,000	600,000		300,000
7	NEW	Learning and Results Services - Partnership for Student Success								
ABR540D0033		Provides funds for the Partnership for Student Success program to develop pilot programs for increased parent and community involvement in K-12 education.								
General Fund								430,000		430,000
Project Total								430,000		430,000
8	NEW	Learning and Results Services - School Based Health Centers								
ABR540D0034		Provides funds for School Based Health Centers and School Based Health Center pilot programs.								
General Fund					100,000			100,000		
Project Total					100,000			100,000		
9	NEW	Learning and Results Services - Internet 2 Project								
ABR540D0035		Provides funds for equipment to support Internet 2 project in district 177.								
General Fund					15,000			15,000		
Project Total					15,000			15,000		

CONFERENCE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

D - Department of Education

Operating Budget

Learning and Results Services

		Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
		House Budget	Senate Budget	Conference Budget	House Budget	Senate Budget	Conference Budget	House Budget	Senate Budget	Conference Budget
10	NEW	Learning and Results Services - At Risk Program								
ABR540D0036		Provide funds for program for At Risk students in district 181.								
General Fund					10,000			10,000		
Project Total					10,000			10,000		
11	EXPAN	Learning and Results Services - State Agency Children								
ABR540D0037		Provides additional support for the education of children in state agency programs.								
General Fund					500,000	500,000	500,000	1,000,000	500,000	500,000
Project Total					500,000	500,000	500,000	1,000,000	500,000	500,000
12	EXPAN	Learning and Results Services - Safe Schools Program								
ABR540D0038		Provides additional funds for the Safe Schools program.								
General Fund					500,000		250,000	500,000		250,000
Project Total					500,000		250,000	500,000		250,000
13	EXPAN	Learning and Results Services - Carpentry Program Grant								
ABR540D0039		Provides funds for the carpentry program at the Mayfield/Graves County Area Technology Center.								
General Fund					85,000			50,200		
Project Total					85,000			50,200		
14	EXPAN	Learning and Results Services - Collaborative Center for Literacy Development								
ABR540D0040		Provides funds for a demonstration strategy for a technology based Adult Literacy Initiative; research studies; and training of Reading Recovery Teachers.								
General Fund						1,200,000	1,200,000		1,400,000	1,400,000
Project Total						1,200,000	1,200,000		1,400,000	1,400,000
15	EXPAN	Learning and Results Services - Mathematics Achievement Fund								
ABR540D0041		Provides funds for training early intervention teachers and for school mathematics grants.								
General Fund									4,200,000	3,000,000
Project Total									4,200,000	3,000,000
16	NEW	Learning and Results Services - ACT and WorkKeys								
ABR540D0042		Provides funds for ACT and WorkKeys testing for high school students.								
General Fund									1,400,000	1,400,000
Project Total									1,400,000	1,400,000

CONFERENCE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

D - Department of Education

Operating Budget

Learning and Results Services

			Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
			House Budget	Senate Budget	Conference Budget	House Budget	Senate Budget	Conference Budget	House Budget	Senate Budget	Conference Budget
17	NEW	Learning and Results Services - Specialized Tutoring Program									
ABR540D0043		Provides funds to establish, at a state university, a specialized tutoring program for students with learning disabilities.									
General Fund								100,000	100,000		
Project Total								100,000	100,000		
TOTAL ADDITIONAL						30,520,000	35,710,400	36,520,400	63,959,400	76,824,600	77,094,600

**Fiscal Biennium 2006-2008
Budget Modification Report**

04/07/06 2:53 PM

Learning and Results Services

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a transfer from the School Districts Flexible Spending Account Expendable Trust Fund, Restricted Funds of \$7,000,000 in fiscal year 2005-2006, \$12,000,000 in fiscal year 2006-2007, and \$12,000,000 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill, Part X, Phase I Tobacco Settlement provides General Fund - Phase I Tobacco Settlement Funds totaling \$1,388,400 in fiscal year 2006-2007 and \$1,508,400 in fiscal year 2007-2008 for Early Childhood initiatives.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes language provisions that direct:

"Funding for Employer Health and Life Insurance: If the costs for health insurance or life insurance coverage for employees of local school districts exceed the levels of appropriated funds, any unexpended Support Education Excellence in Kentucky appropriations may be used to offset the unbudgeted costs. Any transfer shall be subject to approval of the Governor upon the written recommendation of the Secretary of the Finance and Administration Cabinet pursuant to the written request of the Commissioner of Education. The per-month per-employee administrative assessment shall be remitted to the Personnel Cabinet by the Department of Education from the General Fund appropriation for local school district health and life insurance."

"Kentucky School for the Blind and Kentucky School for the Deaf: Included in the above General Fund appropriation is \$6,441,400 in fiscal year 2006-2007 and \$6,657,100 in fiscal year 2007-2008 for the Kentucky School for the Blind, and \$9,003,200 in fiscal year 2006-2007 and \$9,304,200 in fiscal year 2007-2008 for the Kentucky School for the Deaf."

"Kentucky Education Technology System: (a) Area Vocational Education Centers shall be fully eligible to participate in the Kentucky Education Technology System. Notwithstanding KRS 157.660, the School Facilities Construction Commission, in consultation with the Kentucky Board of Education and the Department of Education, shall develop administrative regulations which

**Fiscal Biennium 2006-2008
Budget Modification Report**

04/07/06 2:53 PM

Learning and Results Services

identify a methodology by which the average daily attendance for Area Vocational Education Centers may be equated to the average daily attendance of other local school districts in order that they may receive their respective distributions of these funds.

(b) The School for the Deaf and the School for the Blind shall be fully eligible, along with local school districts, to participate in the Kentucky Education Technology System in a manner that takes into account the special needs of the students of these two schools."

"Family Resource and Youth Services Centers: Funds appropriated to establish and support Family Resource and Youth Services Centers shall be transferred in fiscal year 2006-2007 and in fiscal year 2007-2008 to the Cabinet for Health and Family Services consistent with the intent of KRS 156.497. The Cabinet for Health and Family Services is authorized to use, for administrative purposes, no more than three percent of the total funds transferred from the Department of Education for the Family Resource and Youth Services Centers. If a certified person is employed as a director or coordinator of a Family Resource or Youth Services Center, that person shall retain his or her status as a certified employee of the school district.

If 70 percent or more of the funding level provided by the state is utilized to support the salary of the director of a center, that center shall provide a report to the Cabinet for Health and Family Services identifying the salary of the director. The Cabinet for Health and Family Services shall transmit any reports received from Family Resource and Youth Services Centers pursuant to this provision to the Legislative Research Commission."

"Health Insurance: Included in the above General Fund appropriation is \$517,808,000 in fiscal year 2006-2007 for employer contributions for health insurance and the contribution to the flexible spending account for employees waiving coverage. Included in the above General Fund appropriation is \$562,855,000 in fiscal year 2007-2008 for employer contributions for health insurance and the contribution to the flexible spending account for employees waiving coverage."

"Learning and Results Services Programs: Notwithstanding KRS 156.265, included in the above General Fund appropriation are the following allocations for the 2006-2008 fiscal biennium:

- (a) \$31,859,500 in each fiscal year for the Extended School Services Program;
- (b) \$51,850,700 in each fiscal year for the Family Resource and Youth Services Centers Program;
- (c) \$75,127,000 in each fiscal year for the Preschool Program;

**Fiscal Biennium 2006-2008
Budget Modification Report**

04/07/06 2:53 PM

Learning and Results Services

- (d) \$15,034,700 in each fiscal year for the Professional Development Program;
- (e) \$10,128,300 in each fiscal year for the Safe Schools Program;
- (f) \$19,500,000 in each fiscal year for the Education Technology Program;
- (g) \$21,700,100 in each fiscal year for the Textbooks Program;
- (h) \$1,504,100 in fiscal year 2006-2007 and \$1,507,900 in fiscal year 2007-2008 for the Commonwealth School

Improvement Fund;

- (i) \$5,624,900 in fiscal year 2006-2007 and \$5,649,800 in fiscal year 2007-2008 for the Highly Skilled Educators
- Program;
- (j) \$8,369,200 in each fiscal year for the Commonwealth Accountability Testing System (CATS);
 - (k) \$616,500 in each fiscal year for the Blind/Deaf Residential Travel Program;
 - (l) \$1,800,000 in each fiscal year for the Community Education Program;
 - (m) \$720,900 in each fiscal year for the Dropout Prevention Program;
 - (n) \$15,100,000 in fiscal year 2006-2007 and \$15,100,000 in fiscal year 2007-2008 for the Early Reading Incentive

Grant/Read to Achieve Program;

- (o) \$7,121,500 in each fiscal year for the Gifted and Talented Program;
- (p) \$4,276,700 in each fiscal year for the School Food Services match;
- (q) \$10,462,100 in each fiscal year for the State Agency Children Program;
- (r) \$1,600,000 in each fiscal year for the Teacher Academies Program;

**Fiscal Biennium 2006-2008
Budget Modification Report**

04/07/06 2:53 PM

Learning and Results Services

- (s) \$1,886,700 in each fiscal year for the Teacher Recruitment and Retention Program;
- (t) \$800,000 in each fiscal year for the Virtual Learning Program;
- (u) \$10,685,400 in each fiscal year for the Locally Operated Vocational Schools;
- (v) \$610,300 in each fiscal year for the Writing Program;
- (w) \$500,000 in each fiscal year for the Every1 Reads Program;
- (x) \$2,257,000 in fiscal year 2006-2007 and \$2,378,700 in fiscal year 2007-2008 for Local School District Life Insurance;
- (y) \$720,900 in each fiscal year for the Elementary Arts and Humanities Program;
- (z) \$3,900,000 in each fiscal year for the Mathematics Achievement Fund;
- (aa) \$387,500 in each fiscal year for the Middle School Academic Center;
- (ab) \$381,500 in each fiscal year for the Leadership and Mentor Fund;
- (ac) \$3,925,300 in each fiscal year for the Professional Growth Fund;
- (ad) \$250,000 in each fiscal year for the Save the Children/Rural Literacy Program;
- (ae) \$250,000 in fiscal year 2006-2007 and \$750,000 in fiscal year 2007-2008 for the Ready, Set, Success Program; and
- (af) The allocations referenced in Section (5) of this budget unit for Local School District Health Insurance."

"Program Flexibility: Notwithstanding KRS 157.226(2) and (3), 157.3175(3) and (4), and 160.345(8) with regard to the state allocation, five programs (Professional Development, Extended School Services, Preschool, Textbooks, and Safe Schools) shall continue to permit the state and local school districts additional flexibility in the distribution of program funds while still addressing the governing statutes and serving the need and the intended student population."

**Fiscal Biennium 2006-2008
Budget Modification Report**

04/07/06 2:53 PM

Learning and Results Services

"Local District Grant Fund Carry Forward: Notwithstanding KRS 45.229, up to ten percent of any non-SEEK state grant fund, other than any state grant fund for the Read to Achieve Program, appropriated to the Department of Education and disbursed to a local district that is unexpended during fiscal year 2006-2007 may be carried forward to fiscal year 2007-2008. Notwithstanding KRS 45.229, any state grant fund for the Read to Achieve Program in fiscal year 2006-2007 may be carried forward to fiscal year 2007-2008."

"Highly Skilled Educators: Notwithstanding KRS 158.6455(3), 158.782, and 160.350(3), the Kentucky Department of Education shall have the authority to expend moneys appropriated for the Highly Skilled Education Assistance Program on intervention services that may be required by the Federal No Child Left Behind Act of 2001 (Pub. L. 107-110)."

"Commonwealth School Improvement Fund: Notwithstanding KRS 158.805, the Commissioner of Education shall be authorized to use the Commonwealth School Improvement Fund to provide support services to schools needing assistance under KRS 158.6455 or in order to meet the requirements of No Child Left Behind."

HOUSE REPORT

The House concurs with the Branch with the following changes:

The House provides for a reduction in General Fund support totaling \$52,000,000 in fiscal year 2006-2007 and \$59,000,000 in fiscal year 2007-2008 for local district health insurance based on updated actuarial projections.

The House provides additional General Fund support totaling \$3,997,700 in each fiscal year for the Preschool Program to provide services to children under 200% of the federal poverty guidelines.

The House provides additional General Fund support totaling \$160,000 in fiscal year 2006-2007 and \$390,000 in fiscal year 2007-2008 for locally operated vocational schools to match the percentage increase in operating funding for the state operated vocational schools.

The House provides additional General Fund support totaling \$100,000 in each fiscal year for the Bath County Vocational and Technical School.

**Fiscal Biennium 2006-2008
Budget Modification Report**

04/07/06 2:53 PM

Learning and Results Services

The House provides additional General Fund support totaling \$250,000 in each fiscal year for the Save the Children rural literacy program.

The House provides additional General Fund support totaling \$600,000 in each fiscal year for the Community Education Program to establish programs in thirty additional counties.

The House provides additional General Fund support totaling \$430,000 in fiscal year 2007-2008 for the Partnership for Student Success Program.

The House provides additional General Fund support totaling \$100,000 in each fiscal year for School Based Health Centers.

The House provides additional General Fund support totaling \$15,000 in each fiscal year for an Internet 2 project in school district 177.

The House provides additional General Fund support totaling \$10,000 in each fiscal year for the At Risk program in school district 181.

The House provides additional General Fund support totaling \$500,000 in fiscal year 2006-2007 and \$1,000,000 in fiscal year 2007-2008 for the education of children in state agency programs.

The House provides additional General Fund support totaling \$500,000 in each fiscal year for the Safe Schools Program.

The House provides additional General Fund support totaling \$85,000 in fiscal year 2006-2007 and \$50,200 in fiscal year 2007-2008 for the Carpentry program at the Mayfield/Graves County Area Technology Center.

The House does not provide General Fund support totaling \$250,000 in fiscal year 2006-2007 and \$750,000 in fiscal year 2007-2008 for the Ready, Set, Success Program.

The House does not provide Coal Severance Funds totaling \$4,000,000 in fiscal year 2006-2007 and \$8,000,000 in fiscal year 2007-2008 for the Read to Achieve program.

**Fiscal Biennium 2006-2008
Budget Modification Report**

04/07/06 2:53 PM

Learning and Results Services

The House amends the State/Executive Branch Budget Bill, Part I, Operating Budget, to amend the following language provisions.

"Health Insurance: Included in the above General Fund appropriation is \$465,808,000 in fiscal year 2006-2007 for employer contributions for health insurance and the contribution to the flexible spending account for employees waiving coverage. Included in the above General Fund appropriation is \$503,855,000 in fiscal year 2007-2008 for employer contributions for health insurance and the contribution to the flexible spending account for employees waiving coverage."

"Learning and Results Services Programs: Notwithstanding KRS 156.265, included in the above General Fund appropriation are the following allocations for the 2006-2008 fiscal biennium:

- (a) \$31,859,500 in each fiscal year for the Extended School Services Program;
- (b) \$51,850,700 in each fiscal year for the Family Resource and Youth Services Centers Program;
- (c) \$79,124,700 in each fiscal year for the Preschool Program;
- (d) \$15,034,700 in each fiscal year for the Professional Development Program;
- (e) \$10,628,300 in each fiscal year for the Safe Schools Program;
- (f) \$85,000 in fiscal year 2006-2007 and \$50,200 in fiscal year 2007-2008 for the Mayfield/Graves County Area

Technology Center Carpentry Program;

- (g) \$21,700,100 in each fiscal year for the Textbooks Program;
- (h) \$1,504,100 in fiscal year 2006-2007 and \$1,507,900 in fiscal year 2007-2008 for the Commonwealth School

Improvement Fund;

- (i) \$5,624,900 in fiscal year 2006-2007 and \$5,649,800 in fiscal year 2007-2008 for the Highly Skilled Educators

Program;

**Fiscal Biennium 2006-2008
Budget Modification Report**

04/07/06 2:53 PM

Learning and Results Services

- (j) \$8,369,200 in each fiscal year for the Commonwealth Accountability Testing System (CATS);
- (k) \$616,500 in each fiscal year for the Blind/Deaf Residential Travel Program;
- (l) \$2,400,000 in each fiscal year for the Community Education Program;
- (m) \$720,900 in each fiscal year for the Dropout Prevention Program;
- (n) \$11,100,000 in fiscal year 2006-2007 and \$7,100,000 in fiscal year 2007-2008 for the Early Reading Incentive Grant/Read to Achieve Program;
- (o) \$7,121,500 in each fiscal year for the Gifted and Talented Program;
- (p) \$4,276,700 in each fiscal year for the School Food Services match;
- (q) \$10,962,100 in fiscal year 2006-2007 and \$11,462,000 in fiscal year 2007-2008 for the State Agency Children Program;
- (r) \$1,600,000 in each fiscal year for the Teacher Academies Program;
- (s) \$1,886,700 in each fiscal year for the Teacher Recruitment and Retention Program;
- (t) \$800,000 in each fiscal year for the Virtual Learning Program;
- (u) \$10,845,400 in fiscal year 2006-2007 and \$11,075,400 in fiscal year 2007-2008 for the Locally Operated Vocational Schools;
- (v) \$610,300 in each fiscal year for the Writing Program;
- (w) \$500,000 in each fiscal year for the Every1 Reads Program;
- (x) \$2,257,000 in fiscal year 2006-2007 and \$2,378,700 in fiscal year 2007-2008 for Local School District Life Insurance;

**Fiscal Biennium 2006-2008
Budget Modification Report**

04/07/06 2:53 PM

Learning and Results Services

- (y) \$484,400 in each fiscal year for the Elementary Arts and Humanities Program;
- (z) \$3,900,000 in each fiscal year for the Mathematics Achievement Fund;
- (aa) \$387,500 in each fiscal year for the Middle School Academic Center;
- (ab) \$381,500 in each fiscal year for the Leadership and Mentor Fund;
- (ac) \$3,925,300 in each fiscal year for the Professional Growth Fund;
- (ad) \$500,000 in each fiscal year for the Save the Children/Rural Literacy Program;
- (ae) \$100,000 in each fiscal year for the School Based Health Centers;
- (af) \$15,000 in each fiscal year for the Internet 2 project in School District 177;
- (ag) \$10,000 in each fiscal year for the At-Risk Program in School District 181; and
- (ah) The allocations referenced in Section (5) of this budget unit for Local School District Health Insurance."

The House amends the State/Executive Branch Budget Bill, Part I, Operating Budget, to include the following language provisions.

"Publishing Requirements: Notwithstanding KRS 158.6453(7), 160.463, and 424.220, public availability of the school district's complete annual financial statement and the school report card shall be made by publishing the documents in the newspaper of the largest general circulation in the county, electronically on the Internet, or by printed copy at a prearranged site at the main branch of the public library within the school district. If publication on the Internet or by printed copy at the public library is chosen, the superintendent shall be directed to publish notification in the newspaper of the largest circulation in the county as to the location where the document can be viewed by the public. The notification shall include the address of the library or the electronic address of the Web site on the Internet where the documents can be viewed."

**Fiscal Biennium 2006-2008
Budget Modification Report**

04/07/06 2:53 PM

Learning and Results Services

"Surplus Property: Notwithstanding KRS 45A.045, 45.777, and 56.463, any funds received by the Commonwealth from the disposal of any surplus property at the Kentucky School for the Blind and the Kentucky School for the Deaf shall be deposited in a restricted account and shall not be expended without appropriation authority granted by the General Assembly."

"Funds Transfer: The Commissioner of the Department of Education may transfer any available funds between the Professional Growth Fund and the Professional Development Leadership Mentor Fund as needed to satisfy the demand and need to support respective teacher programs."

"Locally Operated Vocational Programs: Notwithstanding KRS 157.069, the supplemental funding distribution shall include Category II and III programs in districts established after June 21, 2001, with state assistance if approved by the Commissioner of Education."

"Partnership for Student Success: Included in the above General Fund appropriation is \$430,000 in fiscal year 2007-2008 for the Partnership for Student Success Program. These funds shall be expended to develop pilot programs to demonstrate effective strategies to increase community and parental involvement in K-12 education by providing additional tools for educators to improve instruction and promote student health and wellness."

"School Calendar Evaluation: The Kentucky Department of Education is directed to conduct an evaluation of school calendars. The primary purpose of this evaluation is to determine the impact of alternative school calendars, including the use of extended time beyond the six hour instructional day, shortened days or weeks, and year-round calendars. The evaluation shall investigate the positive and negative effects on students, including academic achievement, extracurricular activities, parental support, and community acceptance. The evaluation shall review the impact on school district operations and finances related to transportation, utilities, staffing, facilities, food service, and other costs associated with operating efficiencies. A preliminary report shall be made to the Interim Joint Committee on Education by November 15, 2006, and a final report, including recommendations for regulatory or statutory changes, shall be made to the Interim Joint Committee on Education by January 15, 2007."

"Allocation of Safe School Funds: Notwithstanding KRS 158.446, the Center for School Safety shall develop and implement allotment policies for all moneys received for the purposes of KRS 158.440, 158.441, 158.442, 158.445, and 158.446."

"Community Education: Included in the above General Fund appropriation is \$600,000 in each fiscal year to support the establishment of 30 additional community education programs."

**Fiscal Biennium 2006-2008
Budget Modification Report**

04/07/06 2:53 PM

Learning and Results Services

"Coordination With Head Start: Each local district shall work with Head Start and other existing preschool programs to avoid duplication of services and programs, to avoid supplanting federal funds, to maximize Head Start funds in order to serve as many four year old children as possible, and shall maintain certification from the Head Start director that the Head Start Program is fully utilized. If a local district fails to comply with the requirements of this section, the Commissioner of the Department of Education shall withhold preschool funding for an amount equal to the number of Head Start eligible children served in the district who would have been eligible to be served by Head Start under the full utilization certification required under this section. The Commissioner of the Department of Education shall resolve any disputes and make a determination of the district's compliance with the full utilization requirement."

SENATE REPORT

The Senate concurs with the House with the following changes:

The Senate provides additional General Fund support totaling \$23,502,300 in each fiscal year to provide Preschool services to children in families up to 150% of the federal poverty guideline.

The Senate does not provide additional General Fund support totaling \$160,000 in fiscal year 2006-2007 and \$390,000 in fiscal year 2007-2008 for percentage growth increases for Locally Operated Vocational Schools.

The Senate provides additional General Fund support totaling \$9,458,100 in fiscal year 2006-2007 and \$12,458,100 in fiscal year 2007-2008 for the Read to Achieve program.

The Senate does not provide additional General Fund support totaling \$600,000 in each fiscal year for the Community Education program.

The Senate does not provide additional General Fund support totaling \$430,000 in fiscal year 2007-2008 for the Partnership for Student Success program.

The Senate does not provide additional General Fund support totaling \$100,000 in each fiscal year for School Based Health Centers.

The Senate does not provide additional General Fund support totaling \$15,000 in each fiscal year for the Internet 2 project in school district 177.

**Fiscal Biennium 2006-2008
Budget Modification Report**

04/07/06 2:53 PM

Learning and Results Services

The Senate does not provide additional General Fund support totaling \$10,000 in each fiscal year for the At Risk program in school district 181.

The Senate provides additional General Fund support totaling \$500,000 in each fiscal year for the State Agency Children program.

The Senate does not provide additional General Fund support totaling \$500,000 in each fiscal year for the Safe Schools program.

The Senate does not provide additional General Fund support in this budget unit totaling \$85,000 in fiscal year 2006-2007 and \$50,200 in fiscal year 2007-2008 for a Carpentry Program grant for the Mayfield/Graves County Area Technology Center.

The Senate provides additional General Fund support totaling \$1,200,000 in fiscal year 2006-2007 and \$1,400,000 in fiscal year 2007-2008 for the Collaborative Center for Literacy Development.

The Senate provides additional General Fund support totaling \$4,200,000 in fiscal year 2007-2008 for the Mathematics Achievement Fund.

The Senate does not provide General Fund support totaling \$5,624,900 in fiscal year 2006-2007 and \$5,649,800 in fiscal year 2007-2008 for the Highly Skilled Educators Program.

The Senate does not provide General Fund support totaling \$1,504,100 in fiscal year 2006-2007 and \$1,507,900 in fiscal year 2007-2008 for the Commonwealth School Improvement Fund.

The Senate amends a Part I, Operating Budget, language provision as follows:

"Learning and Results Services Programs: Notwithstanding KRS 156.265, included in the above General Fund appropriation are the following allocations for the 2006-2008 fiscal biennium:

- (a) \$31,859,500 in each fiscal year for the Extended School Services Program;
- (b) \$51,850,700 in each fiscal year for the Family Resource and Youth Services Centers Program;

**Fiscal Biennium 2006-2008
Budget Modification Report**

04/07/06 2:53 PM

Learning and Results Services

- (c) \$75,127,000 in each fiscal year for the Preschool Program;
- (d) \$15,034,700 in each fiscal year for the Professional Development Program;
- (e) \$10,128,300 in each fiscal year for the Safe Schools Program;
- (f) \$1,400,000 in fiscal year 2007-2008 for ACT and WorkKeys testing;
- (g) \$21,700,100 in each fiscal year for the Textbooks Program;
- (h) \$1,200,000 in fiscal year 2006-2007 and \$1,400,000 in fiscal year 2007-2008 for the Collaborative Center for Literacy

Development;

- (i) \$8,369,200 in each fiscal year for the Commonwealth Accountability Testing System (CATS);
- (j) \$616,500 in each fiscal year for the Blind/Deaf Residential Travel Program;
- (k) \$1,800,000 in each fiscal year for the Community Education Program;
- (l) \$720,900 in each fiscal year for the Dropout Prevention Program;
- (m) \$20,558,100 in fiscal year 2006-2007 and \$23,558,100 in fiscal year 2007-2008 for the Early Reading Incentive

Grant/Read to Achieve Program;

- (n) \$7,121,500 in each fiscal year for the Gifted and Talented Program;
- (o) \$4,276,700 in each fiscal year for the School Food Services match;
- (p) \$10,962,100 in each fiscal year for the State Agency Children Program;
- (q) \$1,600,000 in each fiscal year for the Teacher Academies Program;
- (r) \$1,886,700 in each fiscal year for the Teacher Recruitment and Retention Program;

**Fiscal Biennium 2006-2008
Budget Modification Report**

04/07/06 2:53 PM

Learning and Results Services

- (s) \$800,000 in each fiscal year for the Virtual Learning Program;
- (t) \$10,785,400 in each fiscal year for the Locally Operated Vocational Schools;
- (u) \$610,300 in each fiscal year for the Writing Program;
- (v) \$500,000 in each fiscal year for the Every1 Reads Program;
- (w) \$2,257,000 in fiscal year 2006-2007 and \$2,378,700 in fiscal year 2007-2008 for Local School District Life Insurance;
- (x) \$484,400 in each fiscal year for the Elementary Arts and Humanities Program;
- (y) \$3,000,000 in fiscal year 2006-2007 and \$8,100,000 in fiscal year 2007-2008 for the Mathematics Achievement Fund;
- (z) \$387,500 in each fiscal year for the Middle School Academic Center;
- (aa) \$381,500 in each fiscal year for the Leadership and Mentor Fund;
- (ab) \$3,925,300 in each fiscal year for the Professional Growth Fund;
- (ac) \$500,000 in each fiscal year for the Save the Children/Rural Literacy Program; and
- (ad) The allocations referenced in subsection (5) of this budget unit for Local School District Health Insurance."

The Senate deletes the following Part I, Operating Budget, language provisions:

"Highly Skilled Educators: Notwithstanding KRS 158.6455(3), 158.782, and 160.350(3), the Kentucky Department of Education shall have the authority to expend moneys appropriated for the Highly Skilled Education Assistance Program on intervention services that may be required by the Federal No Child Left Behind Act of 2001 (Pub. L. 107-110)."

"Commonwealth School Improvement Fund: Notwithstanding KRS 158.805, the Commissioner of Education shall be authorized to use the Commonwealth School Improvement Fund to provide support services to schools needing assistance under KRS 158.6455 or in order to meet the requirements of No Child Left Behind."

**Fiscal Biennium 2006-2008
Budget Modification Report**

04/07/06 2:53 PM

Learning and Results Services

"Funds Transfer: The Commissioner of the Department of Education may transfer any available funds between the Professional Growth Fund and the Professional Development Leadership Mentor Fund as needed to satisfy the demand and need to support respective teacher programs."

"Partnership for Student Success: Included in the above General Fund appropriation is \$430,000 in fiscal year 2007-2008 for the Partnership for Student Success Program. These funds shall be expended to develop pilot programs to demonstrate effective strategies to increase community and parental involvement in K-12 education by providing additional tools for educators to improve instruction and promote student health and wellness."

"School Calendar Evaluation: The Kentucky Department of Education is directed to conduct an evaluation of school calendars. The primary purpose of this evaluation is to determine the impact of alternative school calendars, including the use of extended time beyond the six-hour instructional day, shortened days or weeks, and year-round calendars. The evaluation shall investigate the positive and negative effects on students, including academic achievement, extracurricular activities, parental support, and community acceptance. The evaluation shall review the impact on school district operations and finances related to transportation, utilities, staffing, facilities, food service, and other costs associated with operating efficiencies. A preliminary report shall be made to the Interim Joint Committee on Education by November 15, 2006, and a final report, including recommendations for regulatory or statutory changes, shall be made to the Interim Joint Committee on Education by January 15, 2007."

"Community Education: Included in the above General Fund appropriation is \$600,000 in each fiscal year to support the establishment of 30 additional community education programs."

CONFERENCE REPORT

The Conference concurs with the Branch with the following changes:

The Conference provides for a reduction in General Fund support totaling \$52,000,000 in fiscal year 2006-2007 and \$59,000,000 in fiscal year 2007-2008 for local district health insurance based on updated actuarial projections.

The Conference provides additional General Fund support totaling \$160,000 in fiscal year 2006-2007 and \$390,000 in fiscal year 2007-2008 for locally operated vocational schools to match the percentage increase in operating funding for the state operated vocational schools.

**Fiscal Biennium 2006-2008
Budget Modification Report**

04/07/06 2:53 PM

Learning and Results Services

The Conference provides additional General Fund support totaling \$100,000 in each fiscal year for the Bath County Vocational and Technical School.

The Conference provides additional General Fund support totaling \$250,000 in each fiscal year for the Save the Children rural literacy program.

The Conference provides additional General Fund support totaling \$300,000 in each fiscal year for the Community Education Program to establish programs in fifteen additional counties.

The Conference provides additional General Fund support totaling \$430,000 in fiscal year 2007-2008 for the Partnership for Student Success Program.

The Conference provides additional General Fund support totaling \$500,000 in fiscal year 2006-2007 and \$500,000 in fiscal year 2007-2008 for the education of children in state agency programs.

The Conference provides additional General Fund support totaling \$250,000 in each fiscal year for the Safe Schools Program.

The Conference does not provide General Fund support totaling \$250,000 in fiscal year 2006-2007 and \$750,000 in fiscal year 2007-2008 for the Ready, Set, Success Program.

The Conference does not provide additional Coal Severance Funds totaling \$4,000,000 in each fiscal year for the Read to Achieve program.

The Conference provides additional General Fund support totaling \$9,458,100 in fiscal year 2006-2007 and \$12,458,100 in fiscal year 2007-2008 for the Read to Achieve program.

The Conference provides additional General Fund support totaling \$1,200,000 in fiscal year 2006-2007 and \$1,400,000 in fiscal year 2007-2008 for the Collaborative Center for Literacy Development.

**Fiscal Biennium 2006-2008
Budget Modification Report**

04/07/06 2:53 PM

Learning and Results Services

The Conference provides additional General Fund support totaling \$3,000,000 in fiscal year 2007-2008 for the Mathematics Achievement Fund.

The Conference provides additional General Fund support totaling \$1,400,000 in fiscal year 2007-2008 for ACT and WorkKeys testing.

The Conference amends Part I, Operating Budget, language provisions as follows:

"Health Insurance: Included in the above General Fund appropriation is \$465,808,000 in fiscal year 2006-2007 for employer contributions for health insurance and the contribution to the flexible spending account for employees waiving coverage. Included in the above General Fund appropriation is \$503,855,000 in fiscal year 2007-2008 for employer contributions for health insurance and the contribution to the flexible spending account for employees waiving coverage."

"Learning and Results Services Programs: Notwithstanding KRS 156.265, included in the above General Fund appropriation are the following allocations for the 2006-2008 fiscal biennium:

- (a) \$31,859,500 in each fiscal year for the Extended School Services Program;
- (b) \$51,850,700 in each fiscal year for the Family Resource and Youth Services Centers Program;
- (c) \$75,127,000 in each fiscal year for the Preschool Program;
- (d) \$15,034,700 in each fiscal year for the Professional Development Program;
- (e) \$10,378,300 in each fiscal year for the Safe Schools Program;
- (f) \$1,400,000 in fiscal year 2007-2008 for ACT and WorkKeys testing;
- (g) \$21,700,100 in each fiscal year for the Textbooks Program;
- (h) \$1,200,000 in fiscal year 2006-2007 and \$1,400,000 in fiscal year 2007-2008 for the Collaborative Center for Literacy

Development;

**Fiscal Biennium 2006-2008
Budget Modification Report**

04/07/06 2:53 PM

Learning and Results Services

- (i) \$8,369,200 in each fiscal year for the Commonwealth Accountability Testing System (CATS);
- (j) \$616,500 in each fiscal year for the Blind/Deaf Residential Travel Program;
- (k) \$2,100,000 in each fiscal year for the Community Education Program;
- (l) \$720,900 in each fiscal year for the Dropout Prevention Program;
- (m) \$20,558,100 in fiscal year 2006-2007 and \$23,558,100 in fiscal year 2007-2008 for the Early Reading Incentive

Grant/Read to Achieve Program;

- (n) \$7,121,500 in each fiscal year for the Gifted and Talented Program;
- (o) \$4,276,700 in each fiscal year for the School Food Services match;
- (p) \$10,962,100 in each fiscal year for the State Agency Children Program;
- (q) \$1,600,000 in each fiscal year for the Teacher Academies Program;
- (r) \$1,886,700 in each fiscal year for the Teacher Recruitment and Retention Program;
- (s) \$800,000 in each fiscal year for the Virtual Learning Program;
- (t) \$10,945,400 in fiscal year 2006-2007 and \$11,175,400 in fiscal year 2007-2008 for the Locally Operated Vocational

Schools;

- (u) \$610,300 in each fiscal year for the Writing Program;
- (v) \$500,000 in each fiscal year for the Every1 Reads Program;
- (w) \$2,257,000 in fiscal year 2006-2007 and \$2,378,700 in fiscal year 2007-2008 for Local School District Life Insurance;
- (x) \$484,400 in each fiscal year for the Elementary Arts and Humanities Program;

**Fiscal Biennium 2006-2008
Budget Modification Report**

04/07/06 2:53 PM

Learning and Results Services

- (y) \$3,000,000 in fiscal year 2006-2007 and \$6,900,000 in fiscal year 2007-2008 for the Mathematics Achievement Fund;
 - (z) \$387,500 in each fiscal year for the Middle School Academic Center;
 - (aa) \$381,500 in each fiscal year for the Leadership and Mentor Fund;
 - (ab) \$3,925,300 in each fiscal year for the Professional Growth Fund;
 - (ac) \$500,000 in each fiscal year for the Save the Children/Rural Literacy Program;
 - (ad) The allocations referenced in subsection (5) of this budget unit for Local School District Health Insurance;
 - (ae) \$100,000 in each fiscal year for a specialized tutoring program for students with learning disabilities from Appalachian counties, as identified by the Appalachian Regional Commission. This program shall be located at a public institution of high education selected by the Commissioner of Education;
 - (af) \$430,000 in fiscal year 2007-2008 for the Partnership for Student Success Program;
 - (ag) \$5,624,000 in fiscal year 2006-2007 and \$5,649,800 in fiscal year 2007-2008 for the Highly Skilled Educator Program;
- and
- (ah) \$1,504,100 in fiscal year 2006-2007 and \$1,507,900 in fiscal year 2007-2008 for the Commonwealth School Improvement Fund."

The Conference adds Part I, Operating Budget, language provisions as follows:

"Publishing Requirements: Notwithstanding KRS 158.6453(7), 160.463, and 424.220, public availability of the school district's complete annual financial statement and the school report card shall be made by publishing the documents in the newspaper of the largest general circulation in the county, electronically on the Internet, or by printed copy at a prearranged site at the main branch of the public library within the school district. If publication on the Internet or by printed copy at the public library is chosen, the superintendent shall be directed to publish notification in the newspaper of the largest circulation in the county as to the location

**Fiscal Biennium 2006-2008
Budget Modification Report**

04/07/06 2:53 PM

Learning and Results Services

where the document can be viewed by the public. The notification shall include the address of the library or the electronic address of the Web site on the Internet where the documents can be viewed."

"Surplus Property: Notwithstanding KRS 45A.045, 45.777, and 56.463, any funds received by the Commonwealth from the disposal of any surplus property at the Kentucky School for the Blind and the Kentucky School for the Deaf shall be deposited in a restricted account and shall not be expended without appropriation authority granted by the General Assembly."

"Funds Transfer: The Commissioner of the Department of Education may transfer any available funds between the Professional Growth Fund and the Professional Development Leadership Mentor Fund as needed to satisfy the demand and need to support respective teacher programs."

"Locally Operated Vocational Programs: Notwithstanding KRS 157.069, the supplemental funding distribution shall include Category II and III programs in districts established after June 21, 2001, with state assistance if approved by the Commissioner of Education."

"Partnership for Student Success: Included in the above General Fund appropriation is \$430,000 in fiscal year 2007-2008 for the Partnership for Student Success Program. These funds shall be expended to develop pilot programs to demonstrate effective strategies to increase community and parental involvement in K-12 education by providing additional tools for educators to improve instruction and promote student health and wellness."

"School Calendar Evaluation: The Kentucky Department of Education is directed to conduct an evaluation of school calendars. The primary purpose of this evaluation is to determine the impact of alternative school calendars, including the use of extended time beyond the six hour instructional day, shortened days or weeks, and year-round calendars. The evaluation shall investigate the positive and negative effects on students, including academic achievement, extracurricular activities, parental support, and community acceptance. The evaluation shall review the impact on school district operations and finances related to transportation, utilities, staffing, facilities, food service, and other costs associated with operating efficiencies. A preliminary report shall be made to the Interim Joint Committee on Education by November 15, 2006, and a final report, including recommendations for regulatory or statutory changes, shall be made to the Interim Joint Committee on Education by January 15, 2007."

"Allocation of Safe School Funds: Notwithstanding KRS 158.446, the Center for School Safety shall develop and implement allotment policies for all moneys received for the purposes of KRS 158.440, 158.441, 158.442, 158.445, and 158.446."

**Fiscal Biennium 2006-2008
Budget Modification Report**

04/07/06 2:53 PM

Learning and Results Services

"Community Education: Included in the above General Fund appropriation is \$300,000 in each fiscal year to support the establishment of 15 additional community education programs."

"Coordination With Head Start: Each local district shall work with Head Start and other existing preschool programs to avoid duplication of services and programs, to avoid supplanting federal funds, to maximize Head Start funds in order to serve as many four year old children as possible, and shall maintain certification from the Head Start director that the Head Start Program is fully utilized. If a local district fails to comply with the requirements of this section, the Commissioner of the Department of Education shall withhold preschool funding for an amount equal to the number of Head Start eligible children served in the district who would have been eligible to be served by Head Start under the full utilization certification required under this section. The Commissioner of the Department of Education shall resolve any disputes and make a determination of the district's compliance with the full utilization requirement."

"Advisory Council for Gifted and Talented Education: Notwithstanding KRS 158.648(1), a member of the Advisory Council for Gifted and Talented Education may be reappointed but may not serve more than three consecutive terms. A member of the Kentucky Association for Gifted Education shall be a voting member of the Advisory Council for Gifted and Talented Education."

THIS PAGE INTENTIONALLY LEFT BLANK

CONFERENCE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

D - Department of Education

Operating Budget

Support Education Excellence in Kentucky (SEEK)

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	House Budget	Senate Budget	Conference Budget	House Budget	Senate Budget	Conference Budget	House Budget	Senate Budget	Conference Budget
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	2,594,892,700	2,594,892,700	2,594,892,700	2,680,910,200	2,680,936,900	2,680,910,200	2,951,824,200	2,940,089,400	2,930,340,800
Regular Total Funds	2,594,892,700	2,594,892,700	2,594,892,700	2,680,910,200	2,680,936,900	2,680,910,200	2,951,824,200	2,940,089,400	2,930,340,800
Use of Continuing									
TOTAL FUNDS	2,594,892,700	2,594,892,700	2,594,892,700	2,680,910,200	2,680,936,900	2,680,910,200	2,951,824,200	2,940,089,400	2,930,340,800
II. EXPENDITURE CATEGORY									
Grants, Loans, Benefits	2,594,892,700	2,594,892,700	2,594,892,700	2,680,910,200	2,680,936,900	2,680,910,200	2,951,824,200	2,940,089,400	2,930,340,800
TOTAL EXPENDITURES	2,594,892,700	2,594,892,700	2,594,892,700	2,680,910,200	2,680,936,900	2,680,910,200	2,951,824,200	2,940,089,400	2,930,340,800
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	2,594,892,700	2,594,892,700	2,594,892,700	2,594,892,700	2,594,892,700	2,594,892,700	2,594,892,700	2,594,892,700	2,594,892,700
Regular Total Funds	2,594,892,700	2,594,892,700	2,594,892,700	2,594,892,700	2,594,892,700	2,594,892,700	2,594,892,700	2,594,892,700	2,594,892,700
Use of Continuing									
TOTAL BASE LEVEL	2,594,892,700	2,594,892,700	2,594,892,700	2,594,892,700	2,594,892,700	2,594,892,700	2,594,892,700	2,594,892,700	2,594,892,700
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund				86,017,500	86,044,200	86,017,500	356,931,500	345,196,700	335,448,100
TOTAL ADDITIONAL				86,017,500	86,044,200	86,017,500	356,931,500	345,196,700	335,448,100
V. ADDITIONAL BUDGET ITEMS									
1 GB SEEK - Base Funding									
ABR540S0025	Provides additional funds for staff compensation, additional instructional days, and for the SEEK Base.								
General Fund				52,403,300	52,403,300	52,403,300	273,266,200	281,842,900	274,156,400
Project Total				52,403,300	52,403,300	52,403,300	273,266,200	281,842,900	274,156,400
2 GB SEEK - Tier I									
ABR540S0026	Provides funds for Tier I program based on equalization level of \$637,000 and projected ADA.								
General Fund				11,971,600	11,971,600	11,971,600	18,562,100	18,850,300	15,989,600
Project Total				11,971,600	11,971,600	11,971,600	18,562,100	18,850,300	15,989,600
3 GB SEEK - Equalized Facility Programs									
ABR540S0027	Provides funding for existing equalization programs based on equalization level of \$637,000 and projected ADA.								
General Fund				8,146,000	8,418,700	8,146,000	5,551,000	5,597,300	2,932,300
Project Total				8,146,000	8,418,700	8,146,000	5,551,000	5,597,300	2,932,300

CONFERENCE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

D - Department of Education

Operating Budget

Support Education Excellence in Kentucky (SEEK)

			Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
			House Budget	Senate Budget	Conference Budget	House Budget	Senate Budget	Conference Budget	House Budget	Senate Budget	Conference Budget
4	GB	SEEK - KTRS Match									
ABR540S0028			Provides funds for KTRS match for local school district certified staff.								
General Fund						11,949,400	11,949,400	11,949,400	36,047,800	36,047,800	38,865,400
Project Total						11,949,400	11,949,400	11,949,400	36,047,800	36,047,800	38,865,400
5	GB	SEEK - Secondary Vocational Education									
ABR540S0029			Provides funds for ongoing operating costs for vocational programs.								
General Fund						351,200	351,200	351,200	858,400	858,400	858,400
Project Total						351,200	351,200	351,200	858,400	858,400	858,400
6	EXPAN	SEEK - Incentive Compensation									
ABR540S0006			Provides funds in second year of the biennium to provide for the enhanced compensation initiative for districts with an approved plan.								
General Fund									20,000,000		
Project Total									20,000,000		
7	GB	SEEK - Vocational Education									
ABR540S0005			Provides funds for the Office of Career and Technical Education request for operation of Warren, Pulaski, and Butler County Area Technology Centers.								
General Fund						750,000	750,000	750,000	750,000	750,000	750,000
Project Total						750,000	750,000	750,000	750,000	750,000	750,000
8	EXPAN	SEEK - Facility Matching Grant									
ABR540S0031			Provides funds for match for local funds for Performing Arts Center in school district 231.								
General Fund						200,000	200,000	200,000			
Project Total						200,000	200,000	200,000			
9	EXPAN	SEEK - National Board Certified Teachers Program									
ABR540S0032			Provides funds for projected growth in number of national board certified teachers receiving stipends.								
General Fund						246,000		246,000	646,000		646,000
Project Total						246,000		246,000	646,000		646,000
10	GB	SEEK - Limited English Proficiency									
ABR540S0002			Provides funds to districts to support services to students with limited English proficiency.								
General Fund									1,250,000	1,250,000	1,250,000
Project Total									1,250,000	1,250,000	1,250,000

CONFERENCE BUDGET REPORT - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

D - Department of Education**Operating Budget****Support Education Excellence in Kentucky (SEEK)**

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	House Budget	Senate Budget	Conference Budget	House Budget	Senate Budget	Conference Budget	House Budget	Senate Budget	Conference Budget
TOTAL ADDITIONAL				86,017,500	86,044,200	86,017,500	356,931,500	345,196,700	335,448,100

**Fiscal Biennium 2006-2008
Budget Modification Report**

04/07/06 2:53 PM

Support Education Excellence in Kentucky

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill provides a SEEK per pupil guarantee (including \$100 capital outlay) of \$3,505 in fiscal year 2006-2007 and \$3,669 in fiscal year 2007-2008 based on a projected average daily attendance (ADA) totaling 587,132 students in fiscal year 2006-2007 and 591,302 students in fiscal year 2007-2008.

The State/Executive Branch Budget Bill incorporates a consensus estimate reached by the Kentucky Department of Education and the Office of State Budget Director projecting a statewide assessed valuation of \$243,109,658,300 in fiscal year 2006-2007 and \$257,198,013,100 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill incorporates an amount of \$637,000 as 150% of the statewide average per pupil assessment in each fiscal year of the biennium for programs eligible for equalization (Tier I component of SEEK, Facilities Support Program of Kentucky, Equalized Growth Nickel, Retroactive Equalized Facility Funding, and Equalized Facility Funding).

The State/Executive Branch Budget Bill continues the modified hold-harmless guarantee in fiscal biennium 2006-2008 which provides that every local school district will receive at least the same amount of SEEK state funding per pupil as was received in fiscal year 1991-1992.

The State/Executive Branch Budget Bill includes the continuation of the factor (.15) to be applied to the SEEK base per pupil guarantee to determine the "at-risk" funds to be included in the SEEK funding formula in fiscal biennium 2006-2008.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes language provisions that direct:

"Common School Fund Earnings: Accumulated earnings for the Common School Fund shall be transferred in each fiscal year to the SEEK Program."

**Fiscal Biennium 2006-2008
Budget Modification Report**

04/07/06 2:53 PM

Support Education Excellence in Kentucky

"Base SEEK Allotments: The above appropriation includes \$2,088,307,900 in fiscal year 2006-2007 and \$2,195,862,700 in fiscal year 2007-2008 for the base SEEK Program as defined by KRS 157.360. Funds appropriated to the SEEK Program shall be allotted to school districts in accordance with KRS 157.310 to 157.440, except that the total of the funds allotted shall not exceed the appropriations for this purpose except as provided in this Act. Notwithstanding KRS 157.360(2)(c), included in the appropriation for the base SEEK Program is \$211,953,500 in fiscal year 2006-2007 and \$211,953,500 in fiscal year 2007-2008 for pupil transportation."

"Tier I Component: Included in the above appropriation is \$157,502,200 in fiscal year 2006-2007 and \$156,029,800 in fiscal year 2007-2008 for the Tier I component as established by KRS 157.440."

"Vocational Transportation: Included in the above appropriation is \$2,416,900 in fiscal year 2006-2007 and \$2,416,900 in fiscal year 2007-2008 for vocational transportation."

"Secondary Vocational Education: Included in the above appropriation is \$23,053,800 in fiscal year 2006-2007 and \$23,561,000 in fiscal year 2007-2008 to provide secondary vocational education in state-operated vocational schools."

"Teachers' Retirement System Employer Match: Included in the above appropriation is \$320,449,700 in fiscal year 2006-2007 and \$336,773,800 in fiscal year 2007-2008 to enable local school districts to provide the employer match for qualified employees as provided for by KRS 161.550. Included within the above appropriation is \$2,317,300 in fiscal year 2007-2008 for the employer match associated with the enhanced professional compensation program."

"Salary Supplements for Nationally Certified Teachers: Notwithstanding KRS 157.395, included in the above appropriation is \$1,858,000 in fiscal year 2006-2007 and \$1,858,000 in fiscal year 2007-2008 for the purpose of providing salary supplements for teachers attaining certification by the National Board for Professional Teaching Standards."

"Allocation of SEEK Funds: Notwithstanding KRS 157.360(2)(c), the above appropriation to the base SEEK Program is intended to provide a base guarantee of \$3,505 per student in average daily attendance in fiscal year 2006-2007 and \$3,669 per student in average daily attendance in fiscal year 2007-2008 as well as to meet the other requirements of KRS 157.360.

Nothing in this Act shall be construed as prohibiting the contracting out of pupil transportation services.

**Fiscal Biennium 2006-2008
Budget Modification Report**

04/07/06 2:53 PM

Support Education Excellence in Kentucky

Funds appropriated to the SEEK Program shall be allotted to school districts in accordance with KRS 157.310 to 157.440, except that the total of the funds allotted shall not exceed the appropriations for this purpose except as provided in this Act. The total appropriation for the SEEK Program shall be measured by, or construed as, estimates of the state expenditures required by KRS 157.310 to 157.440. If the required expenditures exceed these estimates, the Secretary of the Finance and Administration Cabinet, upon the written request of the Commissioner of Education and with approval of the Governor, may increase the appropriation by such amount as may be available and necessary to meet, to the extent possible, the required expenditures under the cited sections of the Kentucky Revised Statutes, but any increase of the total appropriation to the SEEK Program is subject to Part III, General Provisions, of this Act, and the provisions of KRS Chapter 48. If funds appropriated to the SEEK Program are insufficient to provide the amount of money required under KRS 157.310 to 157.440, allotments to local school districts may be reduced in accordance with KRS 157.430."

"Local School District Certified and Classified Employee Pay Policy: Notwithstanding KRS 157.420, during fiscal year 2006-2007, local school districts shall provide all certified and classified staff a salary or compensation increase of not less than two percent and, during fiscal year 2007-2008, local school districts shall provide all certified and classified staff a salary or compensation increase of not less than two percent. The above pay increases in fiscal year 2006-2007 and fiscal year 2007-2008 shall be in addition to the normal rank and step increase attained by certified personnel employed by local school districts. Included in the above appropriation in fiscal year 2007-2008 is \$17,682,700 to implement an enhanced professional compensation program. Notwithstanding KRS 157.075, these funds shall be distributed on a per pupil basis to local school districts which have submitted a professional compensation enhancement plan that has been developed with postsecondary education technical assistance and which will assist in addressing needs identified in the district or school's scholastic audit if relevant and which is approved by the Commissioner of the Department of Education in accordance with KRS 157.075 and 702 KAR 3:310. Also included in the above appropriation is \$9,656,200 in fiscal year 2006-2007 and \$35,210,000 in fiscal year 2007-2008 to extend the school term in fiscal year 2006-2007 by one professional development day for classroom teachers as defined by the Commissioner of the Department of Education, and to extend the school term in fiscal year 2007-2008 by an additional two instructional days. Local boards of education that have, during or prior to the 2005-2006 school term, exercised the authority granted under KRS 158.070 to extend the school terms beyond 185 days, may expend the additional funds made available to them for the additional professional development and instructional days provided in the above appropriation for other purposes so long as the resulting school term is equal to at least 188 days."

"Final SEEK Calculation: Notwithstanding KRS 157.410, on or before March 1 of each year, the chief state school officer shall determine the exact amount of the public common school fund to which each district is entitled and the remainder of the amount due

**Fiscal Biennium 2006-2008
Budget Modification Report**

04/07/06 2:53 PM

Support Education Excellence in Kentucky

each district for the year shall be distributed in equal installments beginning the first month after completion of final calculation and for each successive month thereafter."

"SEEK Adjustment Factors: Funds allocated for the SEEK base and its adjustment factors that are not needed for the base or a particular adjustment factor may be allocated to other adjustment factors, if funds for that adjustment factor are not sufficient."

"Facilities Support Program of Kentucky/Equalized Nickel Levies: Included in the above appropriation is \$67,749,100 in fiscal year 2006-2007 and \$63,970,600 in fiscal year 2007-2008 to provide facilities equalization funding pursuant to KRS 157.440 and 157.620. Included in the above appropriation is \$12,177,600 in fiscal year 2006-2007 and \$11,134,200 in fiscal year 2007-2008 to provide facilities equalization funding pursuant to KRS 157.440, 157.620, and 157.621(2) and (3) for local school districts which have: (a) Levied the additional tax pursuant to KRS 157.621 for debt service and new facilities as of fiscal year 2003-2004; (b) Levied the five cents under the provisions of KRS 157.440; (c) Met the growth requirements in KRS 157.621(2) in fiscal year 2004-2005; and (d) Levied an additional nickel tax pursuant to KRS 157.621 in addition to (a) and (b) of this section."

"Retroactive Equalized Facility Funding: Included in the above appropriation is \$2,302,600 in fiscal year 2006-2007 and \$2,076,400 in fiscal year 2007-2008 to provide equalized facility funding to districts meeting the following eligibility requirements: A local board of education that levied a tax rate subject to recall in fiscal year during or prior to fiscal year 2003-2004 in addition to the five cents levied pursuant to KRS 157.440(1)(b) and that committed the receipts to debt service, new facilities, or major renovations of existing facilities shall be eligible for equalization funds from the state at 150 percent of the statewide average per pupil assessment. The equalization funds shall be used as provided in KRS 157.440(1)(b)."

"Equalized Facility Funding: Included in the above General Fund appropriation is \$4,617,600 in fiscal year 2006-2007 and \$4,451,600 in fiscal year 2007-2008 to provide equalized facility funding to districts meeting the following eligibility requirements: (a) The board of education has levied at least a ten cent equivalent tax rate for building purposes or has debt service of at least a ten cent equivalent tax rate as of February 24, 2005; (b) The district has not received equalized growth facility funding as a result of 2005 Ky. Acts ch. 173, Part I, D. Department of Education, 4. Support Education Excellence in Kentucky (SEEK) Program; and (c) The district has received approval by the Commissioner of Education. Eligible districts shall receive equalization funds from the state at 150 percent of the statewide average per pupil assessment, and these funds shall be used as provided in KRS 157.440(1)(b)."

"School Employee Flexible Spending Account Funds Transfer: Any funds remaining in flexible spending accounts of employees of local school districts for calendar year 2006 and calendar year 2007 shall be transferred to the credit of the General Fund."

**Fiscal Biennium 2006-2008
Budget Modification Report**

04/07/06 2:53 PM

Support Education Excellence in Kentucky

HOUSE REPORT

The House concurs with the Branch with the following changes:

The House provides additional General Fund support totaling \$24,000,000 in fiscal year 2007-2008 for an additional 1% salary increase for certified staff, including associated retirement match.

The House provides additional General Fund support totaling \$72,000,000 in fiscal year 2007-2008 for a salary equity pool for certified staff, including associated retirement match.

The House provides additional General Fund support totaling \$27,000,000 in fiscal year 2007-2008 for additional salary increases for classified staff.

The House provides additional General Fund support totaling \$26,600,000 in fiscal year 2007-2008 for an additional 1% increase in the SEEK per pupil base.

The House provides for a factor of 0.075 in fiscal year 2006-2007 and 0.096 in fiscal year 2007-2008 to be applied to the SEEK base per pupil guarantee to determine the limited English proficiency funds to be included in the SEEK funding formula. The House provides additional General Fund support totaling \$1,250,000 in fiscal year 2007-2008 for the increase in the factor for limited English proficiency.

The House does not concur with language requiring an additional professional development day in each year of the biennium and two additional instructional days in fiscal year 2007-2008. The House does not provide General Fund support totaling \$49,359,600 in fiscal year 2007-2008 for the additional professional development and instructional days.

The House provides additional General Fund support totaling \$246,000 in fiscal year 2006-2007 and \$646,000 in fiscal year 2007-2008 for projected growth in the number of teachers receiving stipends after attaining National Board Certification.

The House provides a SEEK per pupil guarantee (including \$100 capital outlay) of \$3,508 in fiscal year 2006-2007 and \$3,789 in fiscal year 2007-2008 based on a projected average daily attendance (ADA) totaling 586,979 students in fiscal year 2006-2007 and 597,952 students in fiscal year 2007-2008.

**Fiscal Biennium 2006-2008
Budget Modification Report**

04/07/06 2:53 PM

Support Education Excellence in Kentucky

The House amends the State/Executive Branch Budget Bill, Part I, Operating Budget, to amend the following language provisions.

"Base SEEK Allotments: The above appropriation includes \$2,089,483,300 in fiscal year 2006-2007 and \$2,311,596,500 in fiscal year 2007-2008 for the base SEEK Program as defined by KRS 157.360. Funds appropriated to the SEEK Program shall be allotted to school districts in accordance with KRS 157.310 to 157.440, except that the total of the funds allotted shall not exceed the appropriations for this purpose except as provided in this Act. Notwithstanding KRS 157.360(2)(c), included in the appropriation for the base SEEK Program is \$211,953,500 in fiscal year 2006-2007 and \$211,953,500 in fiscal year 2007-2008 for pupil transportation."

"Tier I Component: Included in the above appropriation is \$157,620,900 in fiscal year 2006-2007 and \$164,211,400 in fiscal year 2007-2008 for the Tier I component as established by KRS 157.440."

"Teachers' Retirement System Employer Match: Included in the above appropriation is \$319,184,300 in fiscal year 2006-2007 and \$345,600,000 in fiscal year 2007-2008 to enable local school districts to provide the employer match for qualified employees as provided for by KRS 161.550. Included within the above appropriation is \$2,317,300 in fiscal year 2007-2008 for the employer match associated with the enhanced professional compensation program."

"Salary Supplements for Nationally Certified Teachers: Notwithstanding KRS 157.395, included in the above appropriation is \$2,104,000 in fiscal year 2006-2007 and \$2,504,000 in fiscal year 2007-2008 for the purpose of providing salary supplements for teachers attaining certification by the National Board for Professional Teaching Standards."

"Allocation of SEEK Funds: Notwithstanding KRS 157.360(2)(c), the above appropriation to the base SEEK Program is intended to provide a base guarantee of \$3,508 per student in average daily attendance in fiscal year 2006-2007 and \$3,789 per student in average daily attendance in fiscal year 2007-2008 as well as to meet the other requirements of KRS 157.360.

Nothing in this Act shall be construed as prohibiting the contracting out of pupil transportation services.

Funds appropriated to the SEEK Program shall be allotted to school districts in accordance with KRS 157.310 to 157.440, except that the total of the funds allotted shall not exceed the appropriations for this purpose except as provided in this Act. The total appropriation for the SEEK Program shall be measured by, or construed as, estimates of the state expenditures required by KRS 157.310 to 157.440. If the required expenditures exceed these estimates, the Secretary of the Finance and Administration Cabinet, upon the written request of the Commissioner of Education and with approval of the Governor, may increase the appropriation by

**Fiscal Biennium 2006-2008
Budget Modification Report**

04/07/06 2:53 PM

Support Education Excellence in Kentucky

such amount as may be available and necessary to meet, to the extent possible, the required expenditures under the cited sections of the Kentucky Revised Statutes, but any increase of the total appropriation to the SEEK Program is subject to Part III, General Provisions, of this Act, and the provisions of KRS Chapter 48. If funds appropriated to the SEEK Program are insufficient to provide the amount of money required under KRS 157.310 to 157.440, allotments to local school districts may be reduced in accordance with KRS 157.430."

"Local School District Certified and Classified Employee Pay Policy: Notwithstanding KRS 157.420, during fiscal year 2006-2007, local school districts shall provide all certified staff a salary or compensation increase of not less than two percent and, during fiscal year 2007-2008, local school districts shall provide all certified staff a salary or compensation increase of not less than three thousand dollars, with the exception of those school districts that have been designated as hold harmless districts with regard to the Support Education Excellence in Kentucky program in two of the past three years. Districts with this designation shall provide a salary increase to certified staff of not less than fifteen hundred dollars. The salary increases in fiscal year 2006-2007 and fiscal year 2007-2008 for certified staff shall be in addition to the normal rank and step increase attained by certified personnel employed by local school districts. During fiscal year 2006-2007, local school districts shall provide all classified staff a salary increase of two percent and, during fiscal year 2007-2008, local school districts shall provide all classified staff a salary increase of five percent. In fiscal year 2007-2008, no classified staff member shall receive a salary increase in excess of \$2,500. Classified staff employed by a local board of education that work less than full-time shall receive a pro rata share of the salary increase based on terms of their employment. The above increase in fiscal year 2006-2007 and fiscal year 2007-2008 for classified staff shall be in addition to a normal step increase or any increase that might result from assuming new duties or obtaining additional qualifications.

Included in the above General Fund appropriation is \$17,682,700 in fiscal year 2007-2008 for differentiated compensation programs that provide teacher compensation above the single salary schedule in local school districts. Each school district shall be entitled to access the fund for differentiated compensation provided the requirements of KRS 157.075 and 702 KAR 3:310 are met and the district has a plan which has been approved by the commissioner of education. Allocations to a school district will be based on the cost of the approved plan. The plan must contain evidence of significant involvement by the teacher organization representing the largest number of teachers in the district.

Differentiated compensation plans shall have one or more of the following purposes:

- (a) To recruit and retain teachers in critical shortage areas;
- (b) To assist in reducing the number of emergency certified teachers employed in the district;
- (c) To recruit and retain highly skilled teachers to serve in difficult assignments and hard to fill positions;

**Fiscal Biennium 2006-2008
Budget Modification Report**

04/07/06 2:53 PM

Support Education Excellence in Kentucky

- (d) To provide career advancement opportunities for classroom teachers who voluntarily participate; or
- (e) To reward teachers for increasing their skills, knowledge, and instructional leadership capabilities within the school or district.

Differentiated compensation plans shall align with the greatest needs of the district as determined by a needs assessment of the students, needs identified in a district or school scholastic audit, or the comprehensive school improvement plan.

Differentiated compensation plans are to be developed with appropriate technical assistance and with third party analysis to determine the most effective use of differentiated compensation funds. School districts may enter into partnerships with state universities, employ consultants, or contract with private entities for technical assistance and evaluation. Compensation in local school districts shall be distributed in a fair and equitable manner and resources shall be used in accordance with the approved plan."

"Facilities Support Program of Kentucky/Equalized Nickel Levies: Included in the above appropriation is \$67,749,200 in fiscal year 2006-2007 and \$65,688,100 in fiscal year 2007-2008 to provide facilities equalization funding pursuant to KRS 157.440 and 157.620. Included in the above appropriation is \$12,177,600 in fiscal year 2006-2007 and \$11,884,800 in fiscal year 2007-2008 to provide facilities equalization funding pursuant to KRS 157.440, 157.620, and 157.621(2) and (3) for local school districts which have: (a) Levied the additional tax pursuant to KRS 157.621 for debt service and new facilities as of fiscal year 2003-2004; (b) Levied the five cents under the provisions of KRS 157.440; (c) Met the growth requirements in KRS 157.621(2) in fiscal year 2004-2005; and (d) Levied an additional nickel tax pursuant to KRS 157.621 in addition to (a) and (b) of this section."

"Retroactive Equalized Facility Funding: Included in the above appropriation is \$2,302,500 in fiscal year 2006-2007 and \$2,136,200 in fiscal year 2007-2008 to provide equalized facility funding to districts meeting the following eligibility requirements: A local board of education that levied a tax rate subject to recall in fiscal year during or prior to fiscal year 2003-2004 in addition to the five cents levied pursuant to KRS 157.440(1)(b) and that committed the receipts to debt service, new facilities, or major renovations of existing facilities shall be eligible for equalization funds from the state at 150 percent of the statewide average per pupil assessment. The equalization funds shall be used as provided in KRS 157.440(1)(b)."

"Equalized Facility Funding: Included in the above General Fund appropriation is \$4,617,700 in fiscal year 2006-2007 and \$4,542,600 in fiscal year 2007-2008 to provide equalized facility funding to districts meeting the following eligibility requirements: (a) The board of education has levied at least a ten cent equivalent tax rate for building purposes or has debt service of at least a ten cent equivalent tax rate as of February 24, 2005; (b) The district has not received equalized growth facility funding as a result of 2005

**Fiscal Biennium 2006-2008
Budget Modification Report**

04/07/06 2:53 PM

Support Education Excellence in Kentucky

Ky. Acts ch. 173, Part I, D. Department of Education, 4. Support Education Excellence in Kentucky (SEEK) Program; and (c) The district has received approval by the Commissioner of Education. Eligible districts shall receive equalization funds from the state at 150 percent of the statewide average per pupil assessment, and these funds shall be used as provided in KRS 157.440(1)(b)."

The House amends the State/Executive Branch Budget Bill, Part I, Operating Budget, to include the following language provisions.

"Facility Matching Grant: Included in the above General Fund appropriation is \$200,000 in fiscal year 2006-2007 for a matching grant to complete a performing arts center in school district 231."

"Local Revenue: For calendar year 2006 and calendar year 2007, a district board of education may levy a general rate that will produce revenue from real property, exclusive of revenue from new property, that is up to four percent over the amount of revenue produced by the compensating tax rate as defined in KRS 132.010."

SENATE REPORT

The Senate concurs with the House with the following changes:

The Senate provides additional General Fund support totaling \$8,600,000 in fiscal year 2007-2008 to add two additional instructional days to the school calendar.

The Senate does not provide additional General Fund support totaling \$20,000,000 in fiscal year 2007-2008 for the Differentiated Compensation Program.

The Senate does not provide additional General Fund support totaling \$246,000 in fiscal year 2006-2007 and \$646,000 in fiscal year 2007-2008 for projected growth in the number of teachers receiving stipends after attaining National Board Certification.

The Senate provides a SEEK per pupil guarantee (including \$100 capital outlay) of \$3,508 in fiscal year 2006-2007 and \$3,796 in fiscal year 2007-2008 based on a projected average daily attendance (ADA) totaling 586,979 students in fiscal year 2006-2007 and 598,069 students in fiscal year 2007-2008.

The Senate amends Part I, Operating Budget, language provisions as follows:

**Fiscal Biennium 2006-2008
Budget Modification Report**

04/07/06 2:53 PM

Support Education Excellence in Kentucky

"Base SEEK Allotments: The above appropriation includes \$2,089,483,300 in fiscal year 2006-2007 and \$2,320,173,200 in fiscal year 2007-2008 for the base SEEK Program as defined by KRS 157.360. Funds appropriated to the SEEK Program shall be allotted to school districts in accordance with KRS 157.310 to 157.440, except that the total of the funds allotted shall not exceed the appropriations for this purpose except as provided in this Act. Notwithstanding KRS 157.360(2)(c), included in the appropriation for the base SEEK Program is \$211,953,500 in fiscal year 2006-2007 and \$214,752,800 in fiscal year 2007-2008 for pupil transportation."

"Tier I Component: Included in the above appropriation is \$157,620,900 in fiscal year 2006-2007 and \$164,499,600 in fiscal year 2007-2008 for the Tier I component as established by KRS 157.440."

"Teachers' Retirement System Employer Match: Included in the above appropriation is \$319,184,300 in fiscal year 2006-2007 and \$343,282,800 in fiscal year 2007-2008 to enable local school districts to provide the employer match for qualified employees as provided for by KRS 161.550."

"Salary Supplements for Nationally Certified Teachers: Notwithstanding KRS 157.395, included in the above appropriation is \$1,858,000 in fiscal year 2006-2007 and \$1,858,000 in fiscal year 2007-2008 for the purpose of providing salary supplements for teachers attaining certification by the National Board for Professional Teaching Standards."

"Allocation of SEEK Funds: Notwithstanding KRS 157.360(2)(c), the above appropriation to the base SEEK Program is intended to provide a base guarantee of \$3,508 per student in average daily attendance in fiscal year 2006-2007 and \$3,796 per student in average daily attendance in fiscal year 2007-2008 as well as to meet the other requirements of KRS 157.360.

Nothing in this Act shall be construed as prohibiting the contracting out of pupil transportation services.

Funds appropriated to the SEEK Program shall be allotted to school districts in accordance with KRS 157.310 to 157.440, except that the total of the funds allotted shall not exceed the appropriations for this purpose except as provided in this Act. The total appropriation for the SEEK Program shall be measured by, or construed as, estimates of the state expenditures required by KRS 157.310 to 157.440. If the required expenditures exceed these estimates, the Secretary of the Finance and Administration Cabinet, upon the written request of the Commissioner of Education and with approval of the Governor, may increase the appropriation by such amount as may be available and necessary to meet, to the extent possible, the required expenditures under the cited sections of the Kentucky Revised Statutes, but any increase of the total appropriation to the SEEK Program is subject to Part III, General Provisions, of this Act, and the provisions of KRS Chapter 48. If funds appropriated to the SEEK Program are insufficient to provide

**Fiscal Biennium 2006-2008
Budget Modification Report**

04/07/06 2:53 PM

Support Education Excellence in Kentucky

the amount of money required under KRS 157.310 to 157.440, allotments to local school districts may be reduced in accordance with KRS 157.430."

"Local School District Certified and Classified Employee Pay Policy: Notwithstanding KRS 157.420, during fiscal year 2006-2007, local school districts shall provide all certified staff a salary or compensation increase of not less than two percent and, during fiscal year 2007-2008, local school districts shall provide all certified staff a salary or compensation increase of not less than \$3,000. The salary increases in fiscal year 2006-2007 and fiscal year 2007-2008 for certified staff shall be in addition to the normal rank and step increase attained by certified personnel employed by local school districts. During fiscal year 2006-2007, local school districts shall provide all classified staff a salary increase of two percent and, during fiscal year 2007-2008, local school districts shall provide all classified staff a salary increase of five percent. In fiscal year 2007-2008, no classified staff member shall receive a salary increase in excess of \$2,500. Classified staff employed by a local board of education that work less than full-time shall receive a pro rata share of the salary increase based on terms of their employment. The above increase in fiscal year 2006-2007 and fiscal year 2007-2008 for classified staff shall be in addition to a normal step increase or any increase that might result from assuming new duties or obtaining additional qualifications.

The Secretary of the Personnel Cabinet shall review the status of the State Group Self-Insurance Fund after the end of Plan Year 2006 and determine whether adequate premiums, income, and savings have been realized to support the salary increases provided for fiscal year 2007-2008. The Secretary of the Personnel Cabinet shall report the findings to the Governor and the General Assembly no later than April 15, 2007. If it is determined that the State Group Self-Insurance Fund will not have adequate premiums, income, or savings for Plan Year 2007, and unexpended Support Education Excellence in Kentucky funds for local school districts are to be reduced to offset the unbudgeted costs of health insurance pursuant to Part I, D. Department of Education, of this Act, the amount of funds provided for salary increases in local school districts in the ACT shall be reduced by an equivalent amount. Under these conditions, the Commissioner of Education shall determine the level of salary increase that must be provided and notify local school districts no later than May 15, 2007."

"Facilities Support Program of Kentucky/Equalized Nickel Levies: Included in the above appropriation is \$67,749,200 in fiscal year 2006-2007 and \$65,711,700 in fiscal year 2007-2008 to provide facilities equalization funding pursuant to KRS 157.440 and 157.620. Included in the above appropriation is \$12,177,600 in fiscal year 2006-2007 and \$11,577,100 in fiscal year 2007-2008 to provide facilities equalization funding pursuant to KRS 157.440, 157.620, and 157.621(2) and (3) for local school districts which have: (a) Levied the additional tax pursuant to KRS 157.621 for debt service and new facilities as of fiscal year 2004-2005; (b) Levied

**Fiscal Biennium 2006-2008
Budget Modification Report**

04/07/06 2:53 PM

Support Education Excellence in Kentucky

the five cents under the provisions of KRS 157.440; (c) Met the growth requirements in KRS 157.621(2) in fiscal year 2005-2006; and (d) Levied an additional nickel tax pursuant to KRS 157.621 in addition to (a) and (b) of this section by January 1, 2006."

"Retroactive Equalized Facility Funding: Included in the above appropriation is \$2,575,200 in fiscal year 2006-2007 and \$2,430,500 in fiscal year 2007-2008 to provide equalized facility funding to districts meeting the following eligibility requirements: A local board of education that levied a tax rate subject to recall prior to January 1, 2006, in addition to the five cents levied pursuant to KRS 157.440(1)(b) and that committed the receipts to debt service, new facilities, or major renovations of existing facilities shall be eligible for equalization funds from the state at 150 percent of the statewide average per pupil assessment. The equalization funds shall be used as provided in KRS 157.440(1)(b)."

"Equalized Facility Funding: Included in the above General Fund appropriation is \$4,617,700 in fiscal year 2006-2007 and \$4,578,700 in fiscal year 2007-2008 to provide equalized facility funding to districts meeting the following eligibility requirements: (a) The board of education has levied at least a ten cent equivalent tax rate for building purposes or has debt service of at least a ten cent equivalent tax rate as of February 24, 2005; (b) The district has not received equalized growth facility funding as a result of 2005 Ky. Acts ch. 173, Part I, D. Department of Education, 4. Support Education Excellence in Kentucky (SEEK) Program; and (c) The district has received approval by the Commissioner of Education. Eligible districts shall receive equalization funds from the state at 150 percent of the statewide average per pupil assessment, and these funds shall be used as provided in KRS 157.440(1)(b)."

The Senate adds Part I, Operating Budget, language provisions as follows:

"Instructional Days: Included in the above General Fund appropriation is \$8,600,000 to extend the school term in fiscal year 2007-2008 by an additional two instructional days. Notwithstanding KRS 158.070, for fiscal year 2007-2008 the minimum school term shall include no less than the equivalent of 177 six-hour instructional days."

"Kindergarten: Included in the above General Fund appropriation is \$34,000,000 in fiscal year 2007-2008 to increase funding for kindergarten. Beginning with fiscal year 2007-2008, each school district shall offer kindergarten for the full day as described in KRS 158.060 to all eligible kindergarten pupils in the district for five days or the equivalent hours per week for a full school year. School districts that can document a lack of available facilities may request a waiver from the Commissioner of Education to delay implementation until fiscal year 2009-2010. If a parent elects to enroll his or her child for half-day only, the district may require the parent to provide one-way transportation for the child. Beginning with fiscal year 2007-2008, funding within the Support Education Excellence in Kentucky Program provided in KRS 157.360 shall be based on each kindergarten pupil being counted no more than 0.65

**Fiscal Biennium 2006-2008
Budget Modification Report**

04/07/06 2:53 PM

Support Education Excellence in Kentucky

in the aggregate days attended by kindergarten pupils divided by the actual number of days school is in session after the five days with the lowest attendance have been deducted."

The Senate deletes a Part I, Operating Budget, language provision as follows:

"Local Revenue: For calendar year 2006 and calendar year 2007, a district board of education may levy a general rate that will produce revenue from real property, exclusive of revenue from new property, that is up to four percent over the amount of revenue produced by the compensating tax rate as defined in KRS 132.010."

CONFERENCE REPORT

The Conference concurs with the Branch with the following changes:

The Conference provides additional General Fund support totaling \$123,000,000 in fiscal year 2007-2008 for salary increases for local school district staff, including associated retirement match for certified staff.

The Conference provides additional General Fund support totaling \$26,600,000 in fiscal year 2007-2008 for an additional 1% increase in the SEEK per pupil base.

The Conference provides additional General Fund support totaling \$32,600,000 in fiscal year 2007-2008 for two additional instructional days.

The Conference provides for a factor of 0.075 in fiscal year 2006-2007 and 0.096 in fiscal year 2007-2008 to be applied to the SEEK base per pupil guarantee to determine the limited English proficiency funds to be included in the SEEK funding formula. The House provides additional General Fund support totaling \$1,250,000 in fiscal year 2007-2008 for the increase in the factor for limited English proficiency.

The Conference provides additional General Fund support totaling \$246,000 in fiscal year 2006-2007 and \$646,000 in fiscal year 2007-2008 for projected growth in the number of teachers receiving stipends after attaining National Board Certification.

**Fiscal Biennium 2006-2008
Budget Modification Report**

04/07/06 2:53 PM

Support Education Excellence in Kentucky

The Conference provides a SEEK per pupil guarantee (including \$100 capital outlay) of \$3,508 in fiscal year 2006-2007 and \$3,822 in fiscal year 2007-2008 based on a projected average daily attendance (ADA) totaling 586,979 students in fiscal year 2006-2007 and 590,902 students in fiscal year 2007-2008.

The Conference amends Part I, Operating Budget, language provisions as follows:

"Base SEEK Allotments: The above appropriation includes \$2,089,483,300 in fiscal year 2006-2007 and \$2,312,486,700 in fiscal year 2007-2008 for the base SEEK Program as defined by KRS 157.360. Funds appropriated to the SEEK Program shall be allotted to school districts in accordance with KRS 157.310 to 157.440, except that the total of the funds allotted shall not exceed the appropriations for this purpose except as provided in this Act. Notwithstanding KRS 157.360(2)(c), included in the appropriation for the base SEEK Program is \$211,953,500 in fiscal year 2006-2007 and \$214,752,800 in fiscal year 2007-2008 for pupil transportation."

"Tier I Component: Included in the above appropriation is \$157,620,900 in fiscal year 2006-2007 and \$161,638,900 in fiscal year 2007-2008 for the Tier I component as established by KRS 157.440."

"Teachers' Retirement System Employer Match: Included in the above appropriation is \$319,184,300 in fiscal year 2006-2007 and \$346,100,400 in fiscal year 2007-2008 to enable local school districts to provide the employer match for qualified employees as provided for by KRS 161.550."

"Salary Supplements for Nationally Certified Teachers: Notwithstanding KRS 157.395, included in the above appropriation is \$2,104,000 in fiscal year 2006-2007 and \$2,504,000 in fiscal year 2007-2008 for the purpose of providing salary supplements for teachers attaining certification by the National Board for Professional Teaching Standards."

"Allocation of SEEK Funds: Notwithstanding KRS 157.360(2)(c), the above appropriation to the base SEEK Program is intended to provide a base guarantee of \$3,508 per student in average daily attendance in fiscal year 2006-2007 and \$3,822 per student in average daily attendance in fiscal year 2007-2008 as well as to meet the other requirements of KRS 157.360.

Nothing in this Act shall be construed as prohibiting the contracting out of pupil transportation services.

Funds appropriated to the SEEK Program shall be allotted to school districts in accordance with KRS 157.310 to 157.440, except that the total of the funds allotted shall not exceed the appropriations for this purpose except as provided in this Act. The total

**Fiscal Biennium 2006-2008
Budget Modification Report**

04/07/06 2:53 PM

Support Education Excellence in Kentucky

appropriation for the SEEK Program shall be measured by, or construed as, estimates of the state expenditures required by KRS 157.310 to 157.440. If the required expenditures exceed these estimates, the Secretary of the Finance and Administration Cabinet, upon the written request of the Commissioner of Education and with approval of the Governor, may increase the appropriation by such amount as may be available and necessary to meet, to the extent possible, the required expenditures under the cited sections of the Kentucky Revised Statutes, but any increase of the total appropriation to the SEEK Program is subject to Part III, General Provisions, of this Act, and the provisions of KRS Chapter 48. If funds appropriated to the SEEK Program are insufficient to provide the amount of money required under KRS 157.310 to 157.440, allotments to local school districts may be reduced in accordance with KRS 157.430."

"Local School District Certified and Classified Employee Pay Policy: Notwithstanding KRS 157.420, during fiscal year 2006-2007, local school districts shall provide all certified staff a salary or compensation increase of not less than two percent and, during fiscal year 2007-2008, local school districts shall provide all certified staff a salary or compensation increase of not less than \$3,000. The salary increases in fiscal year 2006-2007 and fiscal year 2007-2008 for certified staff shall be in addition to the normal rank and step increase attained by certified personnel employed by local school districts. During fiscal year 2006-2007, local school districts shall provide all classified staff a salary increase of two percent and, during fiscal year 2007-2008, local school districts shall provide all classified staff a salary increase of five percent. In fiscal year 2007-2008, no classified staff member shall receive a salary increase in excess of \$2,500. Classified staff employed by a local board of education that work less than full-time shall receive a pro rata share of the salary increase based on terms of their employment. The above increase in fiscal year 2006-2007 and fiscal year 2007-2008 for classified staff shall be in addition to a normal step increase or any increase that might result from assuming new duties or obtaining additional qualifications."

"Facilities Support Program of Kentucky/Equalized Nickel Levies: Included in the above appropriation is \$67,749,200 in fiscal year 2006-2007 and \$63,970,700 in fiscal year 2007-2008 to provide facilities equalization funding pursuant to KRS 157.440 and 157.620. Included in the above appropriation is \$12,177,600 in fiscal year 2006-2007 and \$11,134,200 in fiscal year 2007-2008 to provide facilities equalization funding pursuant to KRS 157.440, 157.620, and 157.621(2) and (3) for local school districts which have: (a) Levied the additional tax pursuant to KRS 157.621 for debt service and new facilities as of January 1, 2006; (b) Levied the five cents under the provisions of KRS 157.440; (c) Met the growth requirements in KRS 157.621(2) in fiscal year 2005-2006; and (d) Levied an additional nickel tax pursuant to KRS 157.621 in addition to (a) and (b) of this section by January 1, 2006."

"Retroactive Equalized Facility Funding: Included in the above appropriation is \$2,302,500 in fiscal year 2006-2007 and \$2,076,400 in fiscal year 2007-2008 to provide equalized facility funding to districts meeting the following eligibility requirements: A

**Fiscal Biennium 2006-2008
Budget Modification Report**

04/07/06 2:53 PM

Support Education Excellence in Kentucky

local board of education that levied a tax rate subject to recall in fiscal year during or prior to fiscal year 2003-2004 in addition to the five cents levied pursuant to KRS 157.440(1)(b) and that committed the receipts to debt service, new facilities, or major renovations of existing facilities shall be eligible for equalization funds from the state at 150 percent of the statewide average per pupil assessment. The equalization funds shall be used as provided in KRS 157.440(1)(b)."

"Equalized Facility Funding: Included in the above General Fund appropriation is \$4,617,700 in fiscal year 2006-2007 and \$4,451,600 in fiscal year 2007-2008 to provide equalized facility funding to districts meeting the following eligibility requirements: (a) The board of education has levied at least a ten cent equivalent tax rate for building purposes or has debt service of at least a ten cent equivalent tax rate as of February 24, 2005; (b) The district has not received equalized growth facility funding as a result of 2005 Ky. Acts ch. 173, Part I, D. Department of Education, 4. Support Education Excellence in Kentucky (SEEK) Program; and (c) The district has received approval by the Commissioner of Education. Eligible districts shall receive equalization funds from the state at 150 percent of the statewide average per pupil assessment, and these funds shall be used as provided in KRS 157.440(1)(b)."

The Conference adds Part I, Operating Budget, language provisions as follows:

"Instructional Days: Included in the above General Fund appropriation is \$32,600,000 to extend the school term in fiscal year 2007-2008 by an additional two instructional days. Notwithstanding KRS 158.070, the school term for fiscal year 2007-2008 shall include the equivalent of 177 instructional days and shall include no less than two additional six-hour instructional days in addition to the six-hour instructional days included in the 2005-2006 school calendar as approved by the Department of Education. Districts shall not be required to exceed 177 six-hour instructional days."

"Facility Matching Grant: Included in the above General Fund appropriation is \$200,000 in fiscal year 2006-2007 for a matching grant to the Hardin County Educational Foundation, Inc. for the completion of the John Hardin Performing Arts Center."

"Transportation Study: The Legislative Research Commission is hereby directed to study the current funding formula and the equitable disbursement of pupil transportation funds. The study of pupil transportation funding shall include:

- (a) An analysis of the current formula used to determine the level of reimbursed funding for school districts, including its equity and adequacy, and recommendations for improvement; and
- (b) A comparison of the efficiencies used by school districts in the operation of their transportation systems, including recommendations for efficiency requirements or incentives.

**Fiscal Biennium 2006-2008
Budget Modification Report**

04/07/06 2:53 PM

Support Education Excellence in Kentucky

The Legislative Research Commission shall contract with nongovernmental consultants to conduct the study. The consultants shall have the full cooperation of the Executive Branch and the Legislative Branch.

The consultants shall present a final report of their findings to the Interim Joint Committee on Education and to the Interim Joint Committee on Appropriations and Revenue no later than July 1, 2007.

Provisions of this section to the contrary notwithstanding, the Legislative Research Commission shall have the authority to alternatively assign the issues identified herein to an interim joint committee or subcommittee thereof, and to designate a study completion date."

THIS PAGE INTENTIONALLY LEFT BLANK